

MINUTES OF  
PRODIGY SERVICES COMPANY  
EXECUTIVE COMMITTEE MEETING  
WHITE PLAINS, N.Y.

JULY 20, 1988

A meeting of the Executive Committee of Prodigy Services Company, a partnership organized under the laws of the State of New York, was held at 7:30 a.m. on July 20, 1988 at the Prodigy offices located at 445 Hamilton Ave., White Plains, NY.

Members Present: Mr. R. T. Liebhaber  
Mr. C. F. Moran

Absent: None

Others Present: Mr. T. C. Papes  
Mr. J. H. Beall  
Mr. H. Heilbrunn  
Mr. J. M. Hewitt  
Mr. G. M. Perry  
Mr. R. M. Shapiro  
Mr. H. E. Smith  
Mr. R. S. Glatzer (Part time)  
Mr. H. C. Perce (Part time)  
Mr. J. M. Pugliese (Part time)  
Mr. B. Turchin (Part time)  
Mr. D. J. Waks (Part time)

Mr. C. F. Moran presided as Chairman of the meeting, and Mr. Perry, Secretary of the Company, recorded the minutes. Upon motion duly made, seconded and unanimously carried the minutes of the June 29, 1988 meeting were approved.

I. SERVICE READINESS REPORT

The Chairman first called upon Messrs. Heilbrunn and Beall who, using visual aids copies of which are attached as Exhibits A and B respectively, presented the Service Readiness report. Mr. Heilbrunn began the report by reviewing the status of both commercial and non-commercial content on the PRODIGY<sup>SM</sup> service. With respect to commercial content, he said that: (a) seven new clients have come on-service since the last meeting of the

Committee and a major expansion of one existing client was also achieved; (b) seven additional new client packages are in the final stages of development and should be live on the service within a few days; (c) nine existing client packages are in the refresh process, and the Sears Merchant package is undergoing a major renovation for the Christmas catalog, adding 400 new screens; and (d) work is in process on an additional ten new clients, which are expected to go live in the September/October time-frame.

With respect to non-commercial content, Mr. Heilbrunn reported that, since the last meeting, two special editorial sections were run (the Democratic convention, which included the ability to get responses from Germond and Novak directly from the convention floor, and a special on the "Greenhouse" effect); Consumer Reports added nine new reports; the CEO game with quick menus began; and the "Sign On, Cash In" game was completed. He reviewed the results of the "Sign On, Cash In" game, saying that there were 66 winners of the daily prize, which was about one-third of the possible winners. The grand prize drawing for a cruise donated by Norwegian Cruise Lines will occur in mid-August.

Mr. Heilbrunn then reviewed several charts showing various usage measurements for the four groups being tracked (the Hartford testers, the Panel testers, the Connecticut Computer Society, and the new Founding Members). He pointed out that there have been slight improvements in some areas, but all measurements are still well below the Long Range Plan except the measurement for minutes per session, which is double the Long Range Plan projection for this period. He said that the dollar volume of June purchases was down from the May volume. Electronic Order Blank ordering has proved more popular than initially projected, and greater emphasis will be put on EOB with future clients.

Following this report, Mr. Beall reported on the status of various special applications as follows: (a) the first production order on the Kroger application was placed June 30, and regular commercial delivery began July 5 with a small number of test users; the first store is scheduled for full operation on August 1; the second store is scheduled on-service in October and the third and fourth stores areas are scheduled for early 1989; (b) the schedule to have Grocery Express on-service by the end of September continues to be very tight, due in large measure to the scarcity of resources of the client; (c) the EAASY Sabre CRS went live on July 15, the milestone date, and early enrollments have been very encouraging; the next phase (which will include more convenient fare quotes) is targeted for the end of September; and Phase II (which will include car and hotel bookings) is targeted for the end of the first quarter, 1989; (d) the "quick menu" functionality is ready to go on-service for purposes of Path and Review, but is causing some application problems in the Quick Guide; alternatives are being examined for using the functionality in Path and Review but not in the Guide; (e) the

Pershing brokerage application is in test, with a controlled user rehearsal planned for early August; current schedule calls for it being on-service by August 31, the milestone date; (f) in banking, agreements have been signed with two Detroit banks, National Bank of Detroit (NBD) and Comerica; NBD is expected to be the first bank using the Trustcorp software currently under planning and design, and Comerica is an MHT replication; and (g) other special applications due on-service within the next month are the Computer Express database, Dow Jones Company News, Consumer Reports ratings, and the first Bulletin Board.

## II. SYSTEM AND NETWORK AVAILABILITY

The Chairman then called upon Mr. Hewitt who, using visual aids copies of which are attached as Exhibit C, reported on system and network availability. He said that the overall PLS availability average for the second quarter was 97.8%, compared to 97.1% in the first quarter. The average for the first half of July was 97.6%, which was adversely impacted by a three hour outage of the host resulting from a second failure of the building air conditioning unit. He then outlined the action plans underway to reduce outages in the areas of MCI network performance, DSU sensitivity, and Series/1 software modifications. He said that the "California Triangle" is completed, giving the Company a back-up for the MCI backbone service from California. He then reviewed the status of PLSs under construction, as well as those sites for the 1989 rollout which are under lease negotiation or site selection.

## III. CLIENT REPORT

The Chairman then called upon Mr. Smith who, using visual aids copies of which are attached as Exhibit D, reported on the status of commercial client acquisition. He said that since the last meeting of the Committee, ten new client contracts have been signed, including a major package with K-Mart. He briefly reviewed each of the new contracts, which bring the total number of clients to 118 and the total number of packages and specialty applications to 128. He then reviewed the current list of likely client prospects.

Mr. Smith then reviewed the status of several commercial "destination" categories as follows: (a) Banking -- The Sovran and Citibank contracts are still in negotiation, but have a high likelihood of being signed within the next few weeks; the Bank of America agreement looks very doubtful at this time, but negotiations are continuing; with the addition of NBD, Comerica, and Trustcorp (and if Sovran and Citibank sign) the 1989 launch markets will be covered with at least one bank, except for the Texas and Philadelphia markets which still have no coverage; (b) Grocery -- the decisions on the first four Kroger option markets (Detroit, Denver, Houston and Dallas) are coming up in the next several weeks, and if Kroger elects to exercise them it may provide an additional incentive to other grocers to participate;

negotiations continue with the Haberman/D'Agostino group for the Connecticut, Boston and New York areas, but they are slow and not too promising; Nash Finch has signed for the Chicago area; and (c) Travel -- a contract has been signed with the Official Recreation Guide for a database application, and a new "Cruiscan" database from Rosenbluth is under development.

Mr. Smith then reviewed proposed shopping promotions for the balance of 1988, including an "end of summer" sale (in late August and early September) in which discounts on purchases would be provided by Prodigy, and a holiday shopping event in the November/December time-frame in which special sale merchandise would be provided by the commercial clients.

#### IV. EAASY SABER APPLICATION DEMONSTRATION

The Chairman then called upon Mr. Beall who presented a demonstration of the EAASY Sabre travel reservation application.

Following the demonstration, Messrs. Glatzer, Pugliese and Turchin joined the meeting.

#### V. ARTEC BUSINESS SERVICES APPLICATION DEMONSTRATION

The Chairman then called upon Mr. Turchin who, using visual aids copies of which are attached as Exhibit E, presented a demonstration of the Artec Distributing application being developed by the Business Services group. He pointed out that the application is being developed as a "closed user group" (CUG) which will allow only those persons authorized by Artec to have access to the service. The ability to deal with CUGs will also have application to the consumer service.

Following this demonstration and report, Mr. Turchin retired from the meeting.

#### VI. MEMBERSHIP MARKETING REPORT

The Chairman then called upon Mr. Glatzer who, using visual aids copies of which are attached hereto as Exhibit F, reported on Membership Marketing activities. He began the report by reviewing the membership orders and enrollments to date. He said that for the Charter Program, the original forecast was for a total of 9,630 orders, of which 5,200 would come from direct marketing channels and the balance from specialty and all other marketing categories. Based upon actual experience to date, the forecast for direct marketing has been reduced to 5,000 but the total forecast remains the same, with speciality marketing picking up the additional 200 orders. The goal for total orders by August 30, including both Founding and Charter Members, is 12,630.

He said that to date a total of 8,358 orders have been received (3,234 in the Founding Member program and 5,124 in the

Charter Member program), from which 3,546 Membership enrollments have been completed. He said that about 1,000 of the Founding Member orders have not yet enrolled. A follow-up telephone program was instituted to determine the reasons for the non-enrollments, which to date has resulted in personal contact with 777 people who have the Start-up Kit, but have not enrolled. Of these, about 200 had enrolled by the time of the call, and the remainder provided a number of reasons for not enrolling, ranging from equipment or technical reasons to merely being "too busy." About 380 indicated a continuing intention to enroll. He then described additional programs aimed at prompting enrollment or (for those who still do not enroll) attempting to determine the reasons for non-enrollment. Similarly, a program will be implemented in August aimed at determining the reasons for dormant members -- those who have enrolled, but are not using the service.

Mr. Glatzer then delivered a report and recommendation relating to the support of the Apple IIc and IIe machines ("Apple IIs"). He said that the current plan of record calls for qualifying the Apple IIs (using the surrogate) before qualifying the Apple IIGS color and Macintosh machines, both of which can be made capable of receiving the service in their native configuration, without the surrogate. It is not yet clear from the user testing on the Apple IIs whether they can be made to deliver an acceptable version of the service. This uncertainty, coupled with the certainty that once an Apple II user is accepted, there is no way of migrating him off the surrogate onto the native service, has led management to the recommendation that the technical resources currently being directed at the Apple IIs be redirected to the color version of the Apple IIGS and the Macintosh machines. Testing of market acceptability of the Apple IIs will continue and a final decision on whether to make the service available on Apple IIs, using the surrogate, will be made at that time.

Mr. Glatzer reminded the Committee that the revised year-end 1989 membership forecast is 27,000, following the decision not to support MS-DOS machines with under 512K of RAM. No estimate has been made of the impact, if any, of a decision not to serve the Apple IIs would have on this forecast, since the current recommendation is simply one of reordering priorities of resources between the Apple IIs and the Apple IIGS color and Macintosh machines. After discussion, the Committee concurred in this recommendation.

Mr. Glatzer then reviewed the status of discussions with various strategic marketing partners. He said that discussions are underway with Hayes for a 2400 bps personal modem, with a goal of having it available by the fourth quarter. Discussions are also proceeding among Prodigy, Citizens & Southern, and INACOMP regarding a relationship in which C&S would market and finance an IBM PS/2 Model 25 with the PRODIGY service software loaded on the hard disk, and a built in 2400 bps modem.

Following these reports, Messrs. Perce and Waks joined the meeting.

VII. TELCO STATUS REPORT

The Chairman then called upon Mr. Waks who reported on the status of discussions with BellSouth. He said that BellSouth has made it clear that they will not withdraw (or back away from) the Comparably Efficient Interconnection (CEI) plan filed with the FCC, which was discussed at the last meeting. However, they have also made it clear that, notwithstanding conflicting views on that subject, they want to continue discussions with Prodigy on the following subjects: (a) an arrangement in which BellSouth would own and operate data storage facilities for Prodigy (in lieu of Prodigy's construction of its own local sites) and would provide those facilities, bundled with local transmission services, at a cost acceptable to Prodigy; (b) the long term evolution of their network to provide lower cost digital service for information service providers; (c) the technical means by which the PRODIGY service could be delivered to members through BellSouth's gateway; and (d) cooperative efforts in the areas of commercial client and membership marketing, as well as Yellow Pages. He said that both companies have agreed to a joint task force to work on these issues.


Following this report, Mr. Waks retired from the meeting.

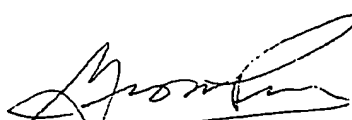
VIII. MEASUREMENTS

The Chairman then called upon Mr. Perce who, using visual aids copies of which are attached as Exhibit G, reported on the Company measurements through June. He said that as of the end of June: (a) employee headcount was 837 (compared to Revised Budget 903); (b) net expenses were \$57.6 million (compared to Revised Budget \$63.7 million); and (c) approved capital expenditures were \$13.2 million. Mr. Perce then briefly reviewed the current status of the milestones.

Following this report, there was discussion regarding the agenda for the July 25 Partners' Committee meeting. Thereafter, there being no further business to come before the meeting, it was adjourned at 1:00 PM.

Respectfully Submitted,

  
C. F. Moran  
Chairman

  
G. M. Perry  
Secretary

AUG 7 1988

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Respectfully Submitted,

C. F. Moran  
Chairman

G. M. Perry  
Secretary

## Significant Dates

7/15	AA CRS Live
7/15	Sign On, Cash In Ends
7/1	Newsletter
6/27	CEO Live
6/22	8 Hour Outage
6/21	6.1 Mailed To Charter & Founding HH's
6/10	Newsletter
6/8	Sign On, Cash In Postcard
5/9 – 5/23	Phone Survey (227 Founding HH's)
5/22	Commercial Mail (REI, Sears, JC Penney)
5/13 – 16	SOS "Rain Check" (180 Founding HH's)
5/16	Newsletter
5/1	Sign On, Cash In Begins
4/27 & 28	Atlanta Focus Groups
4/25 & 26	San Francisco Focus Groups
4/22	Sign On, Cash In Postcard
4/18 & 20	Hartford & CCS Focus Groups
4/8 – 4/11	Shower of Savings
4/5	Focus Group Letters
4/1	Shower of Savings Glossy
3/30	6.0 Mailed To Hartford & CCS
3/29	6.0 Mailed To Panel

SBC 003299

Exhibit A

CLIENT STATUS ON SERVICE

LIVE SINCE PREVIOUS EXECUTIVE COMMITTEE MEETING (TOTAL 70.5)

ALLSTATE MOTOR CLUB

BALLY LIFE FITNESS

BANTAM

DTI

INFOCOM

PRODIGY BUSINESS SERVICES

RIGHT START (EXPANSION) (.5)

TRW

IN FINAL STAGES TOWARD LIVE

0	COMPUTER EXPRESS (.5)	7/20
0	ANDERSON WINDOWS	7/22
0	P & G	7/27
0	FORD CREDIT	7/27
0	DOUBLEDAY	7/29
0	GREAT LIVING	7/29
0	CARNATION	7/29

SBC 003300

MAJOR CLIENT CHANGES

(IN PROCESS)

<u>CLIENT</u>	<u>SIZE</u>	<u>LIKELY LIVE</u>
SPINNAKER	6	7/19
REI	65	8/10
JC PENNEY	50	8/15
CHANNELMARK	11	7/25
SEARS CONSUMER	70	8/08
SEARS DISCOVER	50	8/15
SEARS MORTGAGE	30	7/18
SEARS MERCHANDISE	400	9/15
MHT	50	7/22
FUJI	10	7/19

SBC 003301

A:0719802.017  
HH/D4

Exhibit A  
Prodigy Confidential

NEW CLIENT PACKAGES

WORK IN PROCESS

<u>CLIENT</u>	<u>LIKELY LIVE</u>
GREAT WESTERN	9/27
CORTELL PHASE I	9/30
SCUDDER	9/30
20TH CENTURY	9/30
GLOBUS PHASE I	10/01
PETWORK	10/03
BROADWAY	10/03
NISSAN	10/01
AMERICAN TRAVELER	10/07
SUN LIFE	10/07

TENTATIVE SCHEDULE

<u>MDW DUE</u>		<u>LIKELY LIVE</u>
7/12	ACTIVISION	10/18
7/12	DUPONT	10/18
7/12	SONY VIDEO	10/18
7/12	ALLSTATE	10/18
7/12	LECHMERE	10/18
7/14	WASHINGTON	10/20
7/25	HOLIDAY CLIENT	10/31
7/25	APPLE	10/31
7/27	MUSICLAND	11/02
7/28	NIKON	11/04
7/28	PILLSBURY	11/04
8/02	TRAVELERS	11/08

SBC 003302

A:0719802.017  
HH/D4

Prodigy Confidential

CONFIDENTIAL



NON-COMMERCIAL CHANGES TO THE SERVICE JUNE 27 - JULY 20

SPECIAL SECTIONS

ELECTIONS: DEMOCRATIC CONVENTION 7/8 - 7/22  
GERMOND, NOVAK ANSWER MESSAGES  
FROM CONVENTION WITHIN 1/2 HOUR  
THE GREENHOUSE FUTURE 7/13

DEPTH

CONSUMER REPORTS: 9 ADDED 6/28 - 7/20

ENTERTAINMENT / EDUCATION

C.E.O. (WITH QUICK MENUS) 6/29  
IGGY FOR PRESIDENT 7/19

USAGE BUILDING EVENTS

END OF SIGN ON, CASH IN<sup>SM</sup> GAME 7/15

SBC 003303

EXECPR7

TRINTEX CONFIDENTIAL

7/19/88

Exhibit 2

SIGN ON, CASH IN<sup>SM</sup> GAME

WHAT IT WAS

- GAME TO STIMULATE USAGE
- ELIGIBLE: FOUNDING MEMBERS  
HARTFORD, PANEL, PARTNER AND C.C.S. TESTERS

STATUS

- DAILY GAME ENDED JULY 15
- PHASE I RESULTS MAY 1 - JUNE 15:  
36 WINNERS (26% OF IDS LISTED)  
30 FOUNDING MEMBERS  
6 TESTER MEMBERS  
ACTIVE MEMBERS LOOKING AT THE GAME ONE OR MORE TIMES / WEEK:  
OVER 75% OF FOUNDING MEMBERS  
OVER 80% OF TESTER MEMBERS
- PHASE II: JUNE 16 - JULY 15  
30 WINNERS (33% OF IDS LISTED)  
29 FOUNDING/CHARTER MEMBERS  
1 TESTER MEMBER  
10 OF 30 REQUESTED EGA CARD INSTEAD OF \$100  
COMPARABLE LEVEL OF USAGE BY ACTIVE MEMBERS

NEXT EVENT

- GRAND PRIZE DRAWING AMONG ALL WINNERS ON AUGUST 1  
4-DAY CRUISE FOR 2 ON NORWEGIAN CRUISE LINE  
PLUS \$1,000 TRAVEL ALLOWANCE
- GRAND PRIZE WINNER PROMOTED ON SERVICE IN MID-AUGUST

SBC 003304

EXECPR5

TRINTEX CONFIDENTIAL

5/17/88

Exhibit A

LONG RANGE PLAN COMPARISON

LRP  
MID '88

HARTFORD, PANEL  
CCS, FOUND., CHART.  
(WE 7/09)

HARTFORD, PANEL  
CCS, FOUND., CHART.  
(WE 6/11)

USAGE

MINUTES/ALL HH/DAY 13.9

9.0

7.9

LEADER ADS/ALL HH/DAY 14.4

9.5

8.2

SESSIONS/ALL HH/WEEK 9.0

3.1

3.0

MINUTES/SESSION 10.7

20.5

18.6

MEMBERS PER HH 2.3

1.5

1.5

TRANSACTIONS

LEADER AD FOLLOW THROUGH 10.0%

2.9%

ORDERS/ALL HH (ANNUALIZED) 2.0

1.37

AVG. ORDER SIZE \$50.00

\$30.13

SALES/ALL HH (ANNUALIZED) \$100.00

\$41.28

INQUIRIES/ALL HH 16

25

\* APR-JUN:

INCLUDES ALL MEMBERSHIPS; PERCENTAGE FOLLOW THROUGH IS UNDERSTATED  
SINCE RECEPTION SYSTEM 6.0 IS REQUIRED TO ACCURATELY COLLECT DATA.

PRODIGO CONFIDENTIAL

SBC 003305

Exhibit A

# ENROLLMENT BY USER TYPE AS OF 7/09/88

	<u>HOUSEHOLDS</u>	<u>MEMBERS</u>	<u>MEMBERS/ HOUSEHOLDS</u>
HARTFORD PARTNER TESTERS	54	109	2.0
PANEL TESTERS (ATL., S.F.)	107	166	1.6
CT. COMPUTER SOCIETY (CCS)	49	96	2.0
FOUNDING MEMBERS (ATL., S.F., HTF)	3,062	4,636 <i>137,600 w/p.n 20+7 days</i>	1.5
TOTAL	3,272	5,007	1.5

## AS OF 7/18/88

APPLICATION	MEMBERS
MHT	55
PIE	110
KROGER	50
AA CRS	186

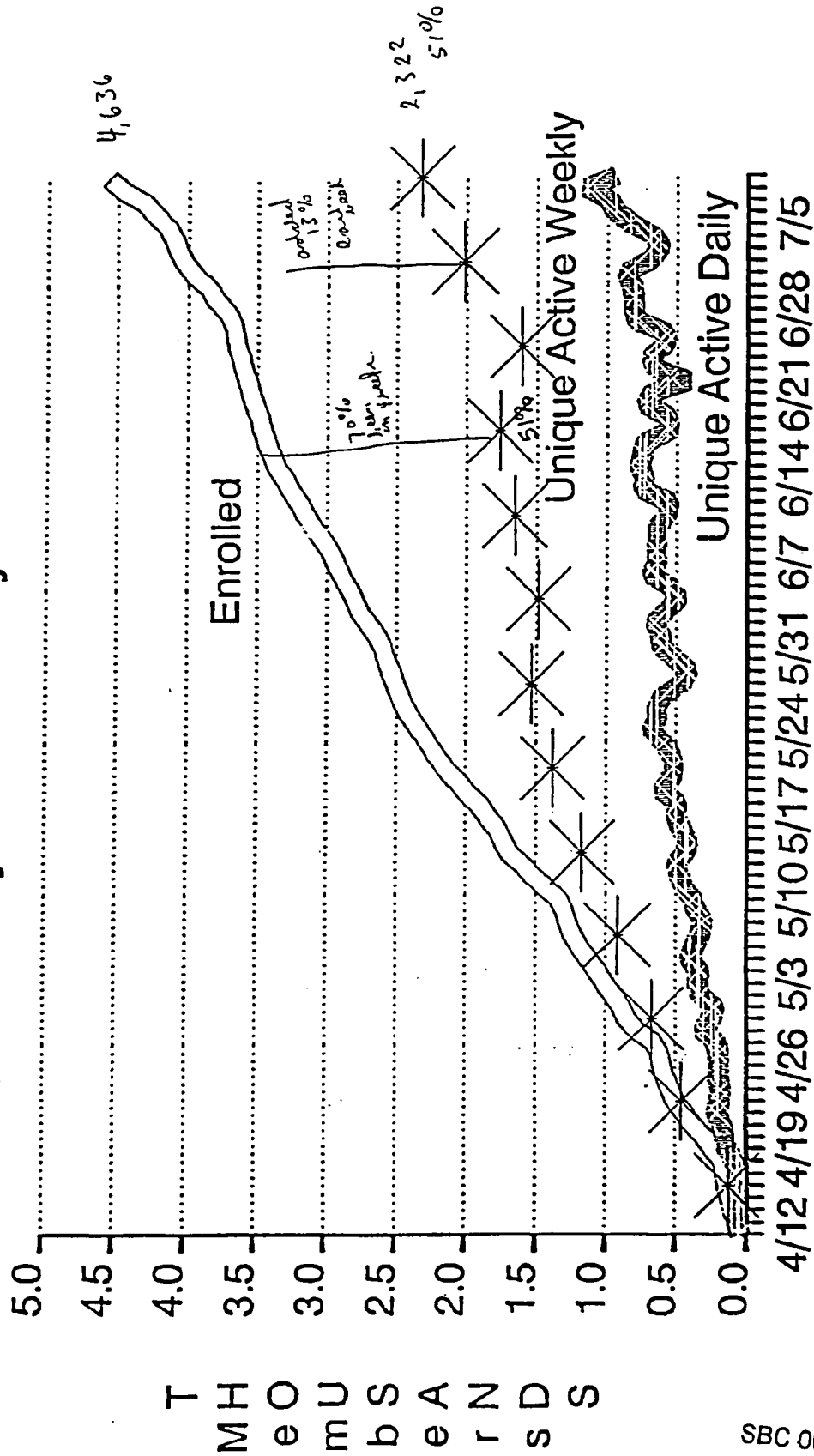
PRODIGY CONFIDENTIAL

SBC 003306

**Exhibit A**

# Founding/Charter Members

Daily vs. Weekly



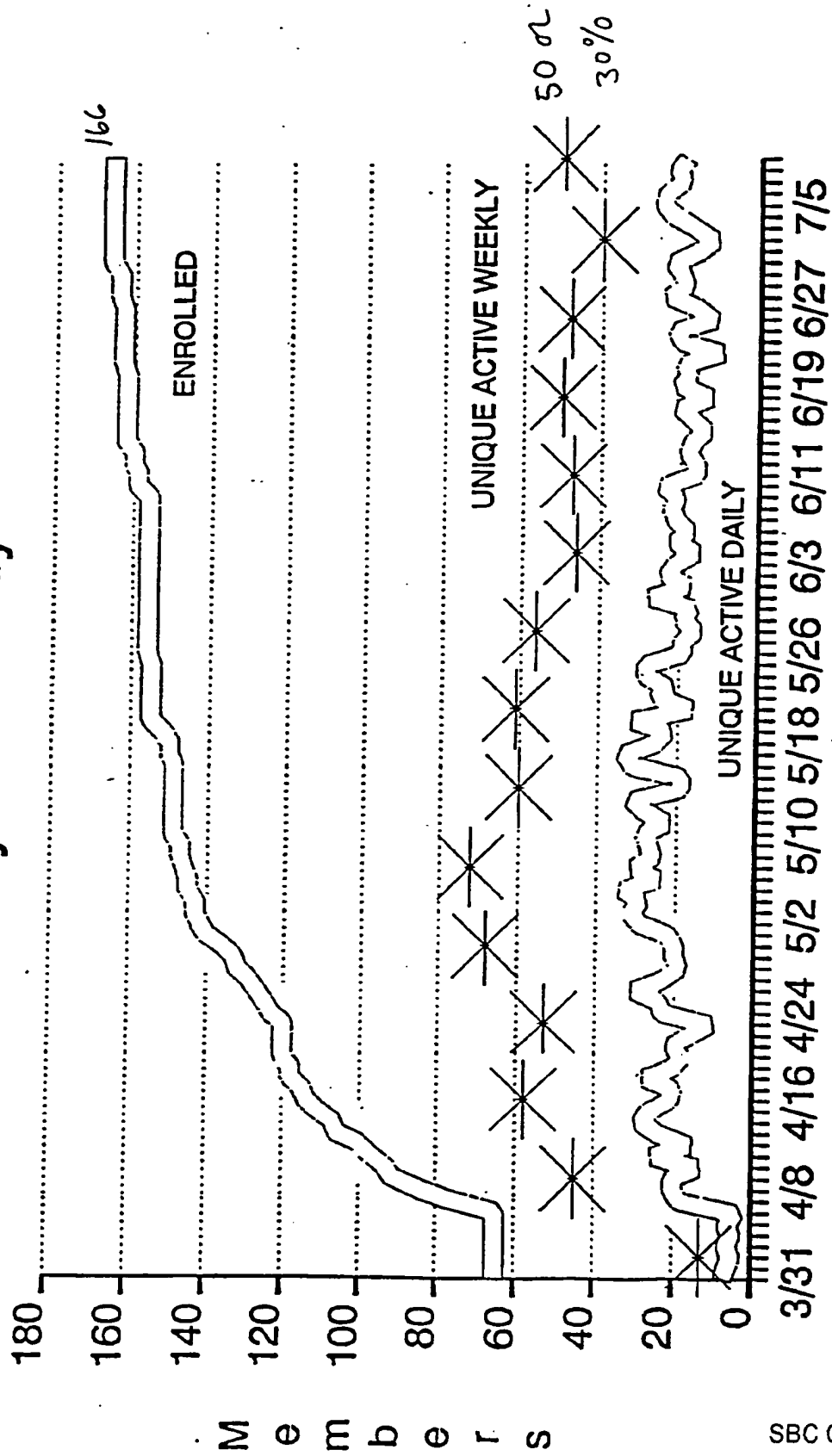
Prodigy Confidential

Exhibit A

SBC 003307

# Panel Members

## Daily vs. Weekly



Prodigy Confidential

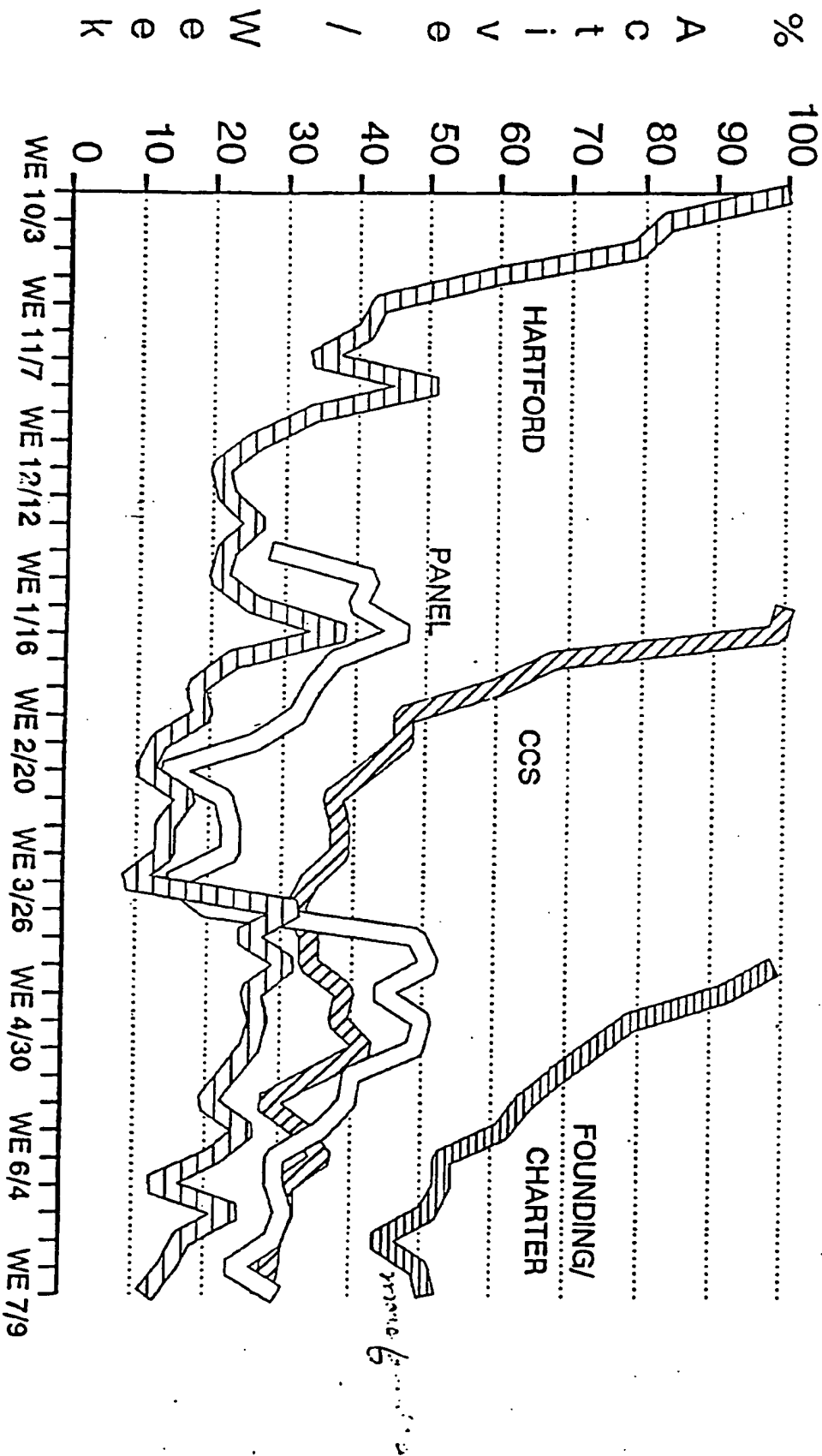
SBC 003308

Exhibit A

# Active Members

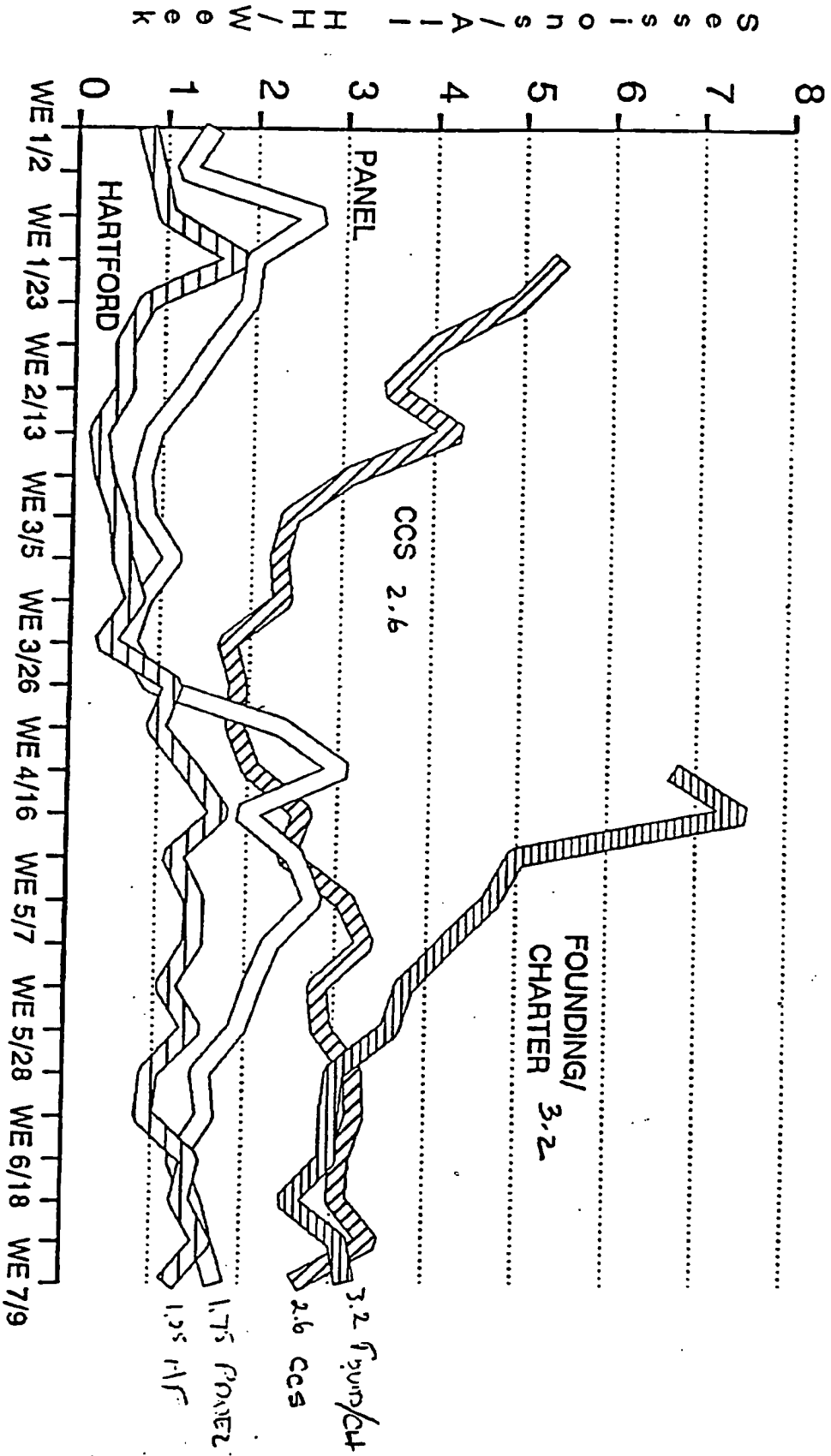
SBC 003309

Exhibit A



Frodigy Confidential

# Frequency of Sessions in Week



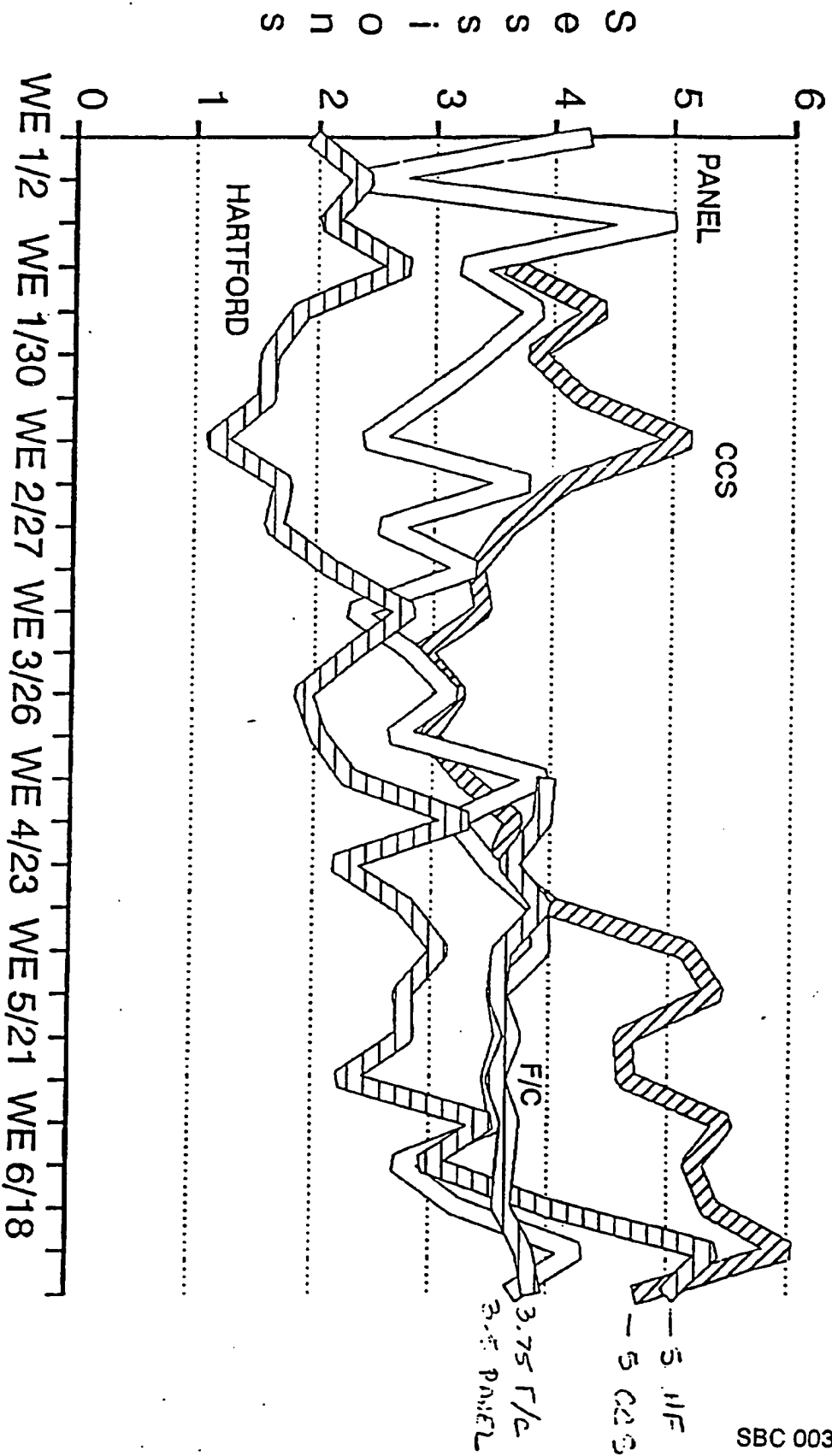
SBC 003310

Exhibit A



# Avg. Sessions Per Active Member Weekly

Exhibit A

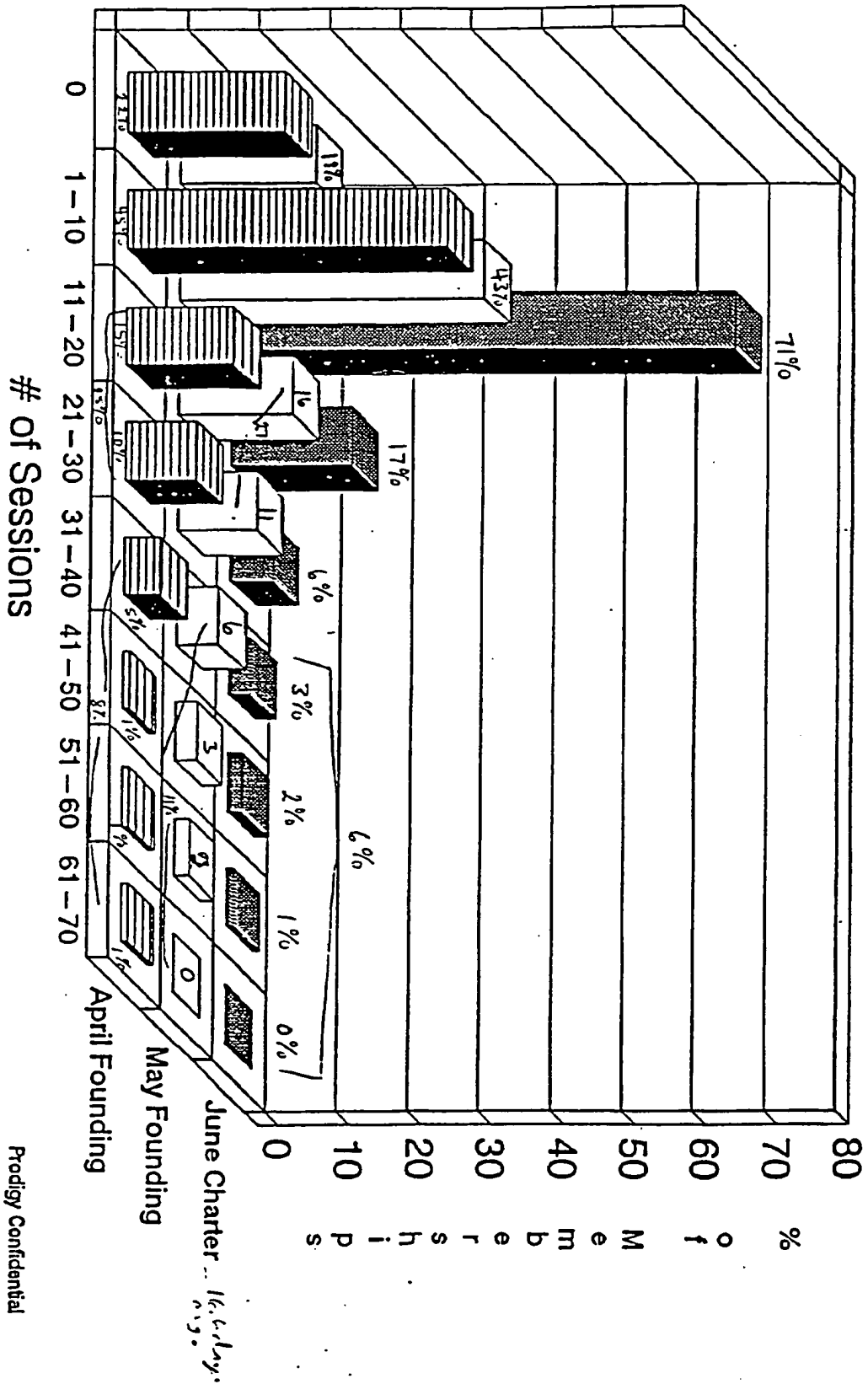


SBC 003311

# Frequency of Access

By Membership

(June 1988)



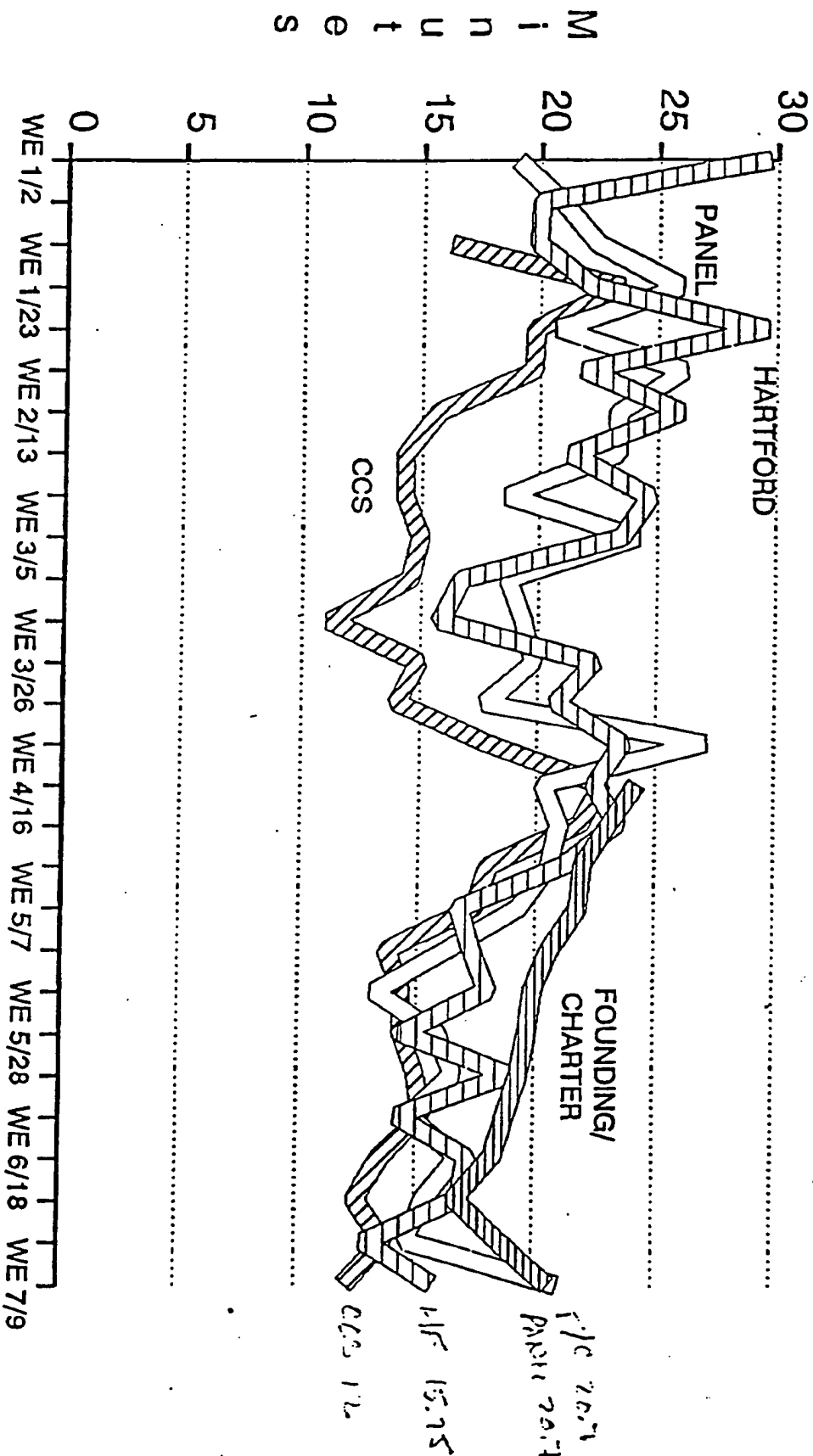
SBC 003312

Exhibit A

# Avg. Session Length

SBC 003313

Exhibit A



Prodigy Confidential

Member	Month	APR 88	MAY 88	JUN 88
APR		33.2	7.6	5.3
MAY			14.5	7.0
JUN				11.8

Daily Usage/HH  
(Minutes)

APR	23.0	18.0	15.8
MAY		21.5	17.1
JUN			21.5

Session Length  
(Minutes)

APR	1.45	.42	.34
MAY		.68	.40
JUN			.55

Daily # of  
Sessions/HH

SBC 003314

Exhibit A

FOUNDING/ CHARTER MEMBERS  
UNIQUE MEMBERS REACHED BY CATEGORY

	7/03-7/09		6/05-6/11	
	UNIQUE MEMBERS REACHED	% OF ACTIVE MEMBERS	UNIQUE MEMBERS REACHED	% OF ACTIVE MEMBERS
WEATHER	1,708	74%	1,373	83%
NEWS	1,650	71%	1,235	74%
SHOPPING (46)	1,598	69%	1,094	66%
EXPERTS	1,575	68%	1,155	70%
MESSAGING	1,325	57%	968	58%
HOUSE OF FUN	1,297	56%	908	55%
FEATURES	1,163	50%	1,043	63%
BUSINESS	1,130	49%	932	56%
PERSONAL INVESTING	1,136	49%	869	52%
SPORTS	863	37%	811	49%
TRAVEL (6)	648	28%	225	14%
BANKING/FINANCIAL (18)	578	25%	431	26%
ADVERTISING (11)	445	19%	493	30%
GROCERY	53	2%	---	---
 TOTAL ACTIVE MEMBERS	 2,322	 100%	 1,659	 100%
TOTAL ENROLLED MEMBERS	4,559	NA	3,145	NA

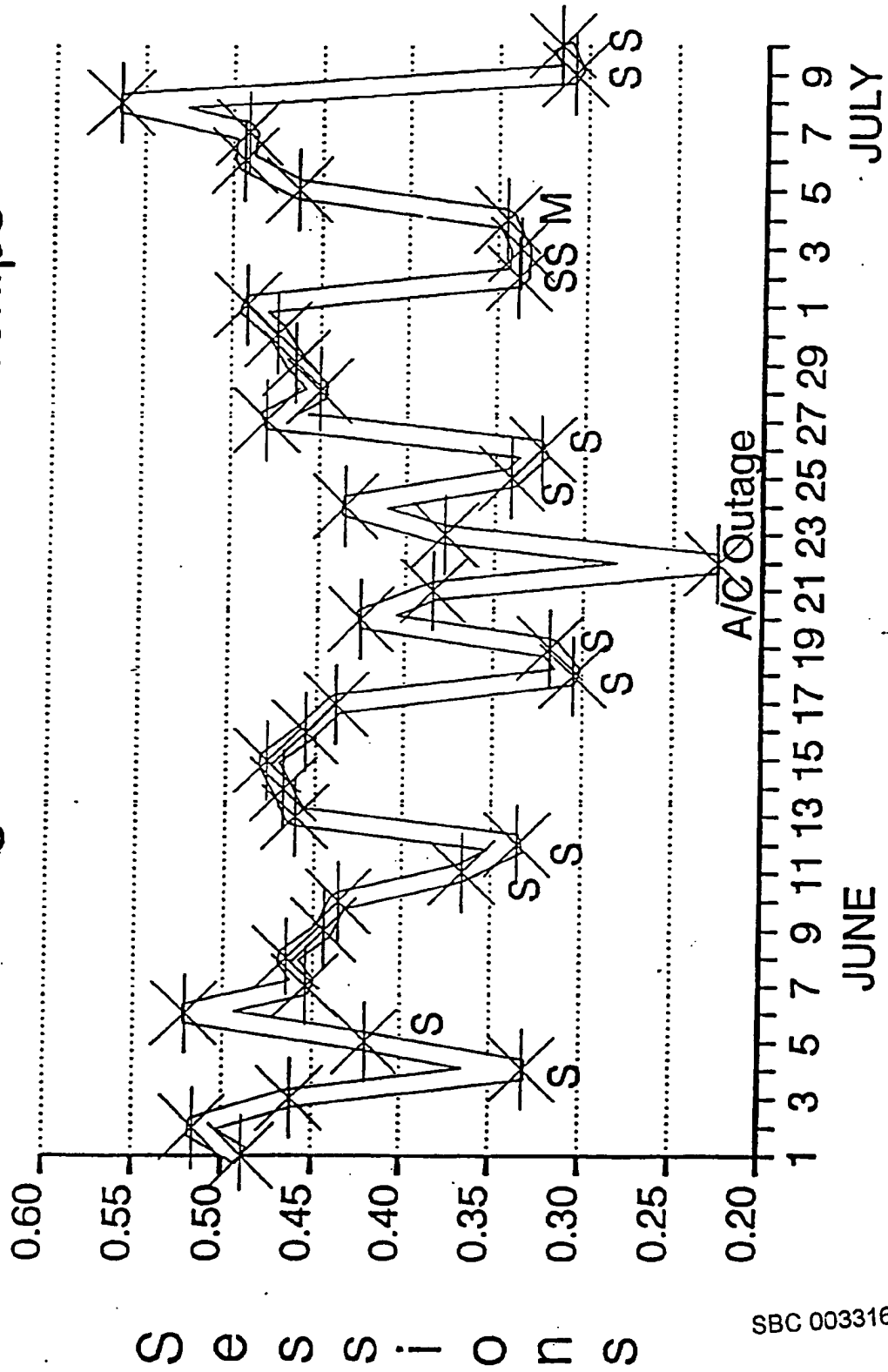
PRODIGY CONFIDENTIAL

SBC 003315

**Exhibit A**

# Sessions/Membership

## Founding/ Charter Memberships

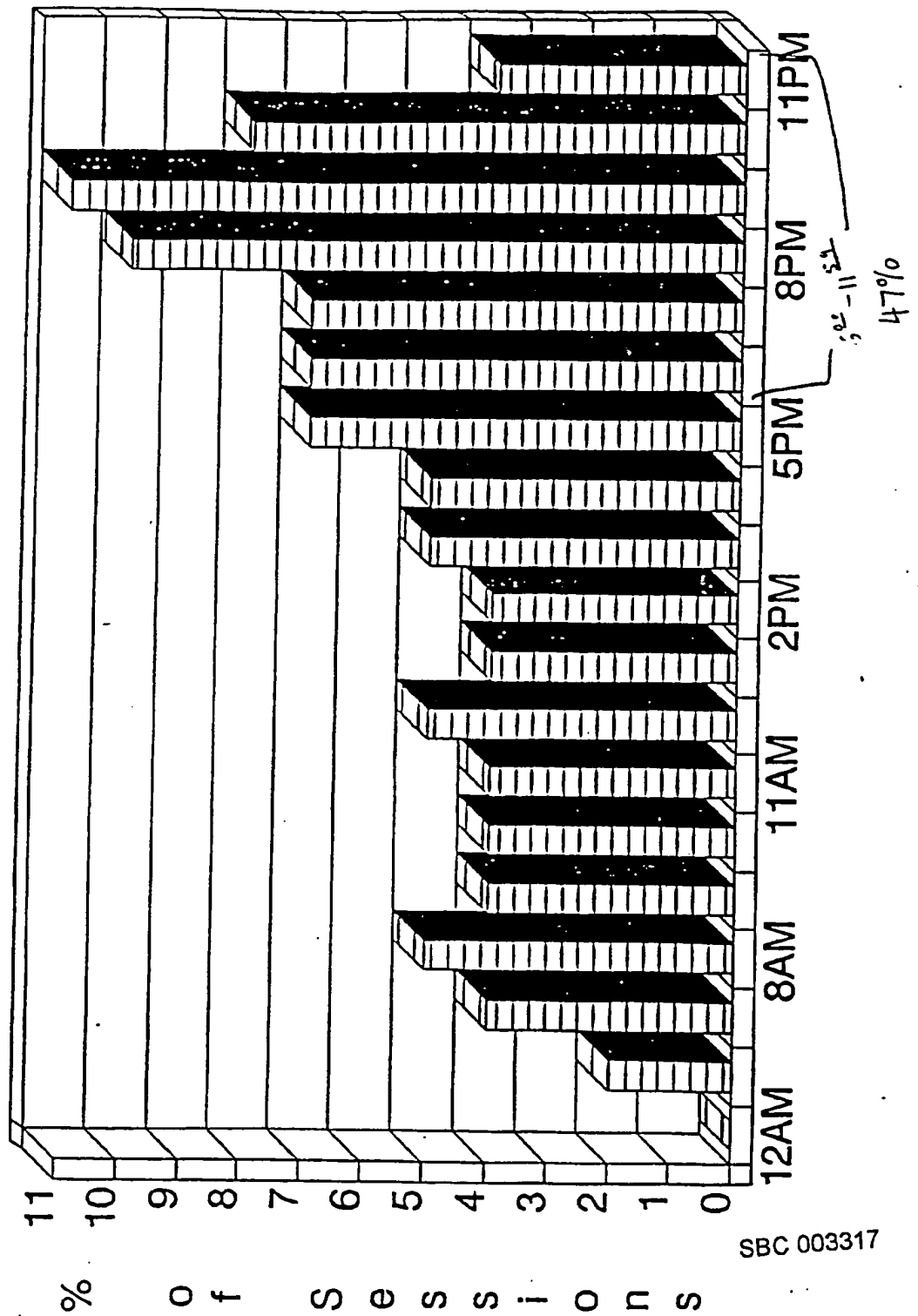


SBC 003316

Exhibit A

Prodigy Confidential

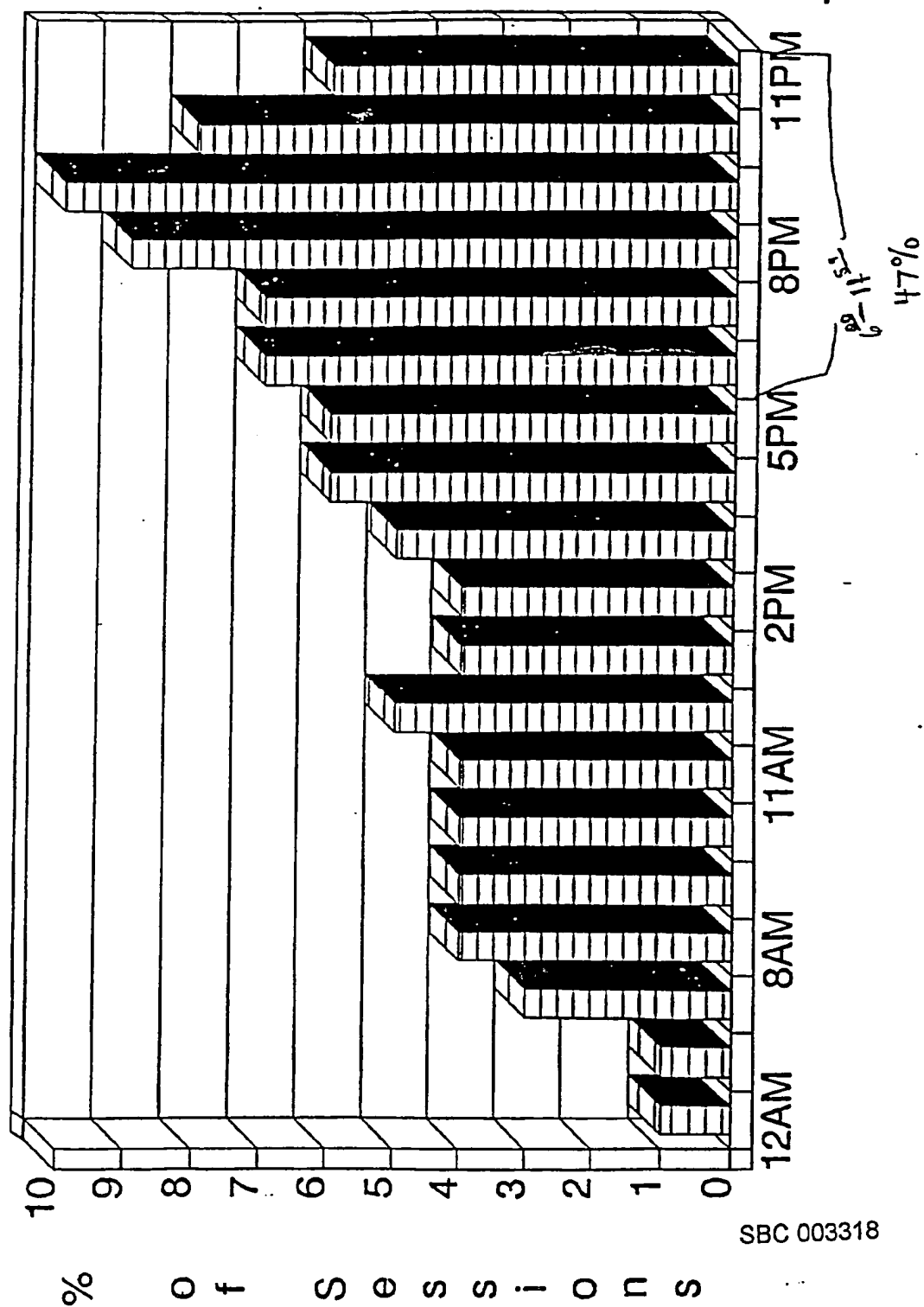
# Pacific Time Zone ADI Founding/ Charter Members



SBC 003317

Exhibit A

# Eastern Time Zone ADI's Founding/ Charter Members



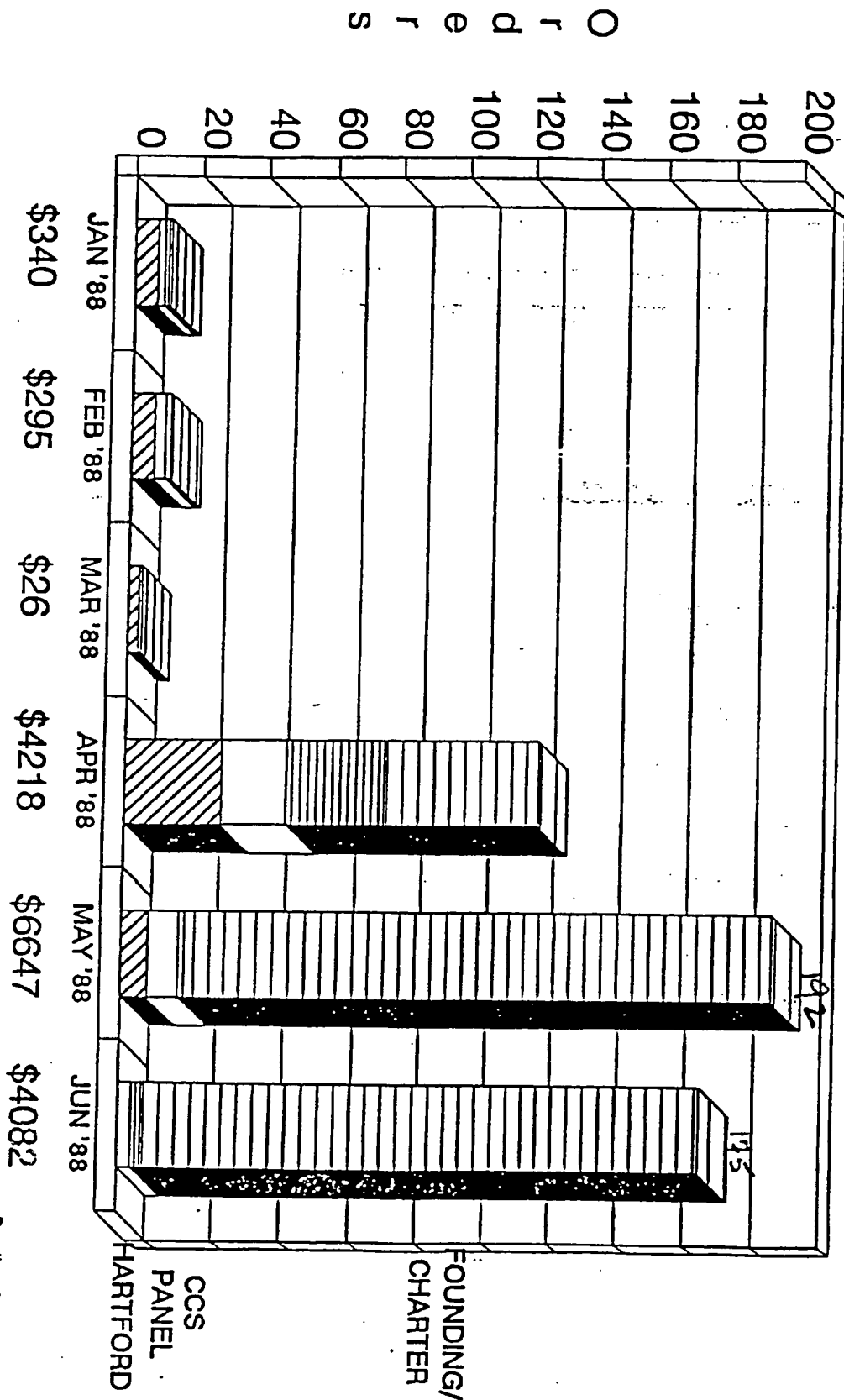
SBC 003318

Exhibit A



SBC 003319

# Shopping Orders Hartford, Panel, CCS, Founding



# JUNE SHOPPING ACTIVITY

CLIENT	SALES
SEARS	\$2,184.35
JC PENNEY	\$1,654.09
REI	\$712.70
WOODEN SPOON	\$487.35
DARTEK	\$423.40
DISNEY	\$280.40
FUJI	\$276.79
NEIMAN MARCUS	\$189.50
KNOWLEDGE COLLECTION	\$115.90
FLORSHEIM	\$110.00
COMPUTER EXPRESS	\$101.96
RIGHT START	\$96.95
CHANEL	\$75.00
PENNACO	\$75.00
SPINNAKER SOFTWARE	\$59.90
CURRENT	\$59.80
FORD MOTOR COMPANY	\$59.00
IBM	\$47.25
SPIEGEL	\$33.00
RELIABLE	\$6.29
TOTAL	\$7,048.63

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*No Later*

- Rembrandt  
- Landon  
- Landon

*See Series  
all back to*

- PowerUp  
- Subst. Inc.

SBC 003320

- Billant  
- Rader

Exhibit A

# CATALOG ORDERING STATUS

<u>MERCHANDISE CLIENT</u>	<u>EOB ON SERVICE</u>	<u>PLANNED</u>	<u>NO CATALOG AVAILABLE</u>
AMERICAN TRAVELER		WHEN LIVE	
BANTAM	X		
BROADWAY			X
COMPUTER EXPRESS	X		
CURRENT		REFRESH	
DARTEK	X		
DATASET			*
DOUBLEDAY			X
DISNEY	X		
FIELD			X
FLORSHEIM			X
GREAT LIVING		WHEN LIVE	
JC PENNEY	X		
IBM			X
LECHMERE			X
LIFEFITNESS			X
MUSICLAND			X
NEIMAN MARCUS	X		
NESTLE	X		
PETWORKS	X		
REI		8/10	
RELIABLE		REFRESH	
RIGHT START	X		
SEARS	X		
SPIEGEL		REFRESH	
VIDEO SCHOOLHOUSE		10/15	
WOODEN SPOON	X		

\* = CLIENT NOT INTERESTED

SBC 003321

A:0719801.017  
HH/D4

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**Exhibit A**

# Shopping Orders/HH (Annualized)

## Hartford, Panel, CCS, Founding, Charter



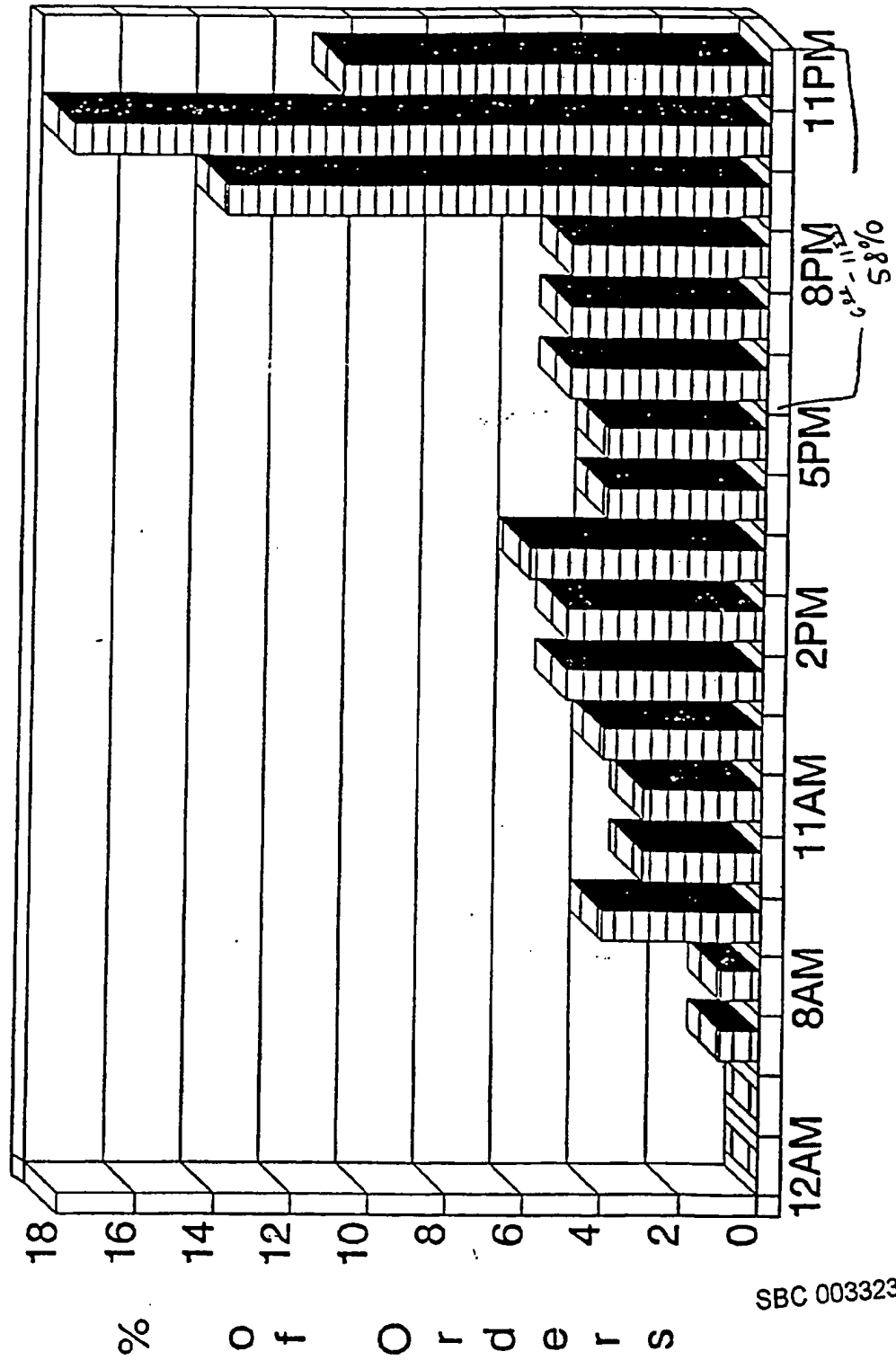
O r d e r s

SBC 003322

Exhibit A

Prodigy Confidential

# Eastern Time Zone ADI's Founding/ Charter Members

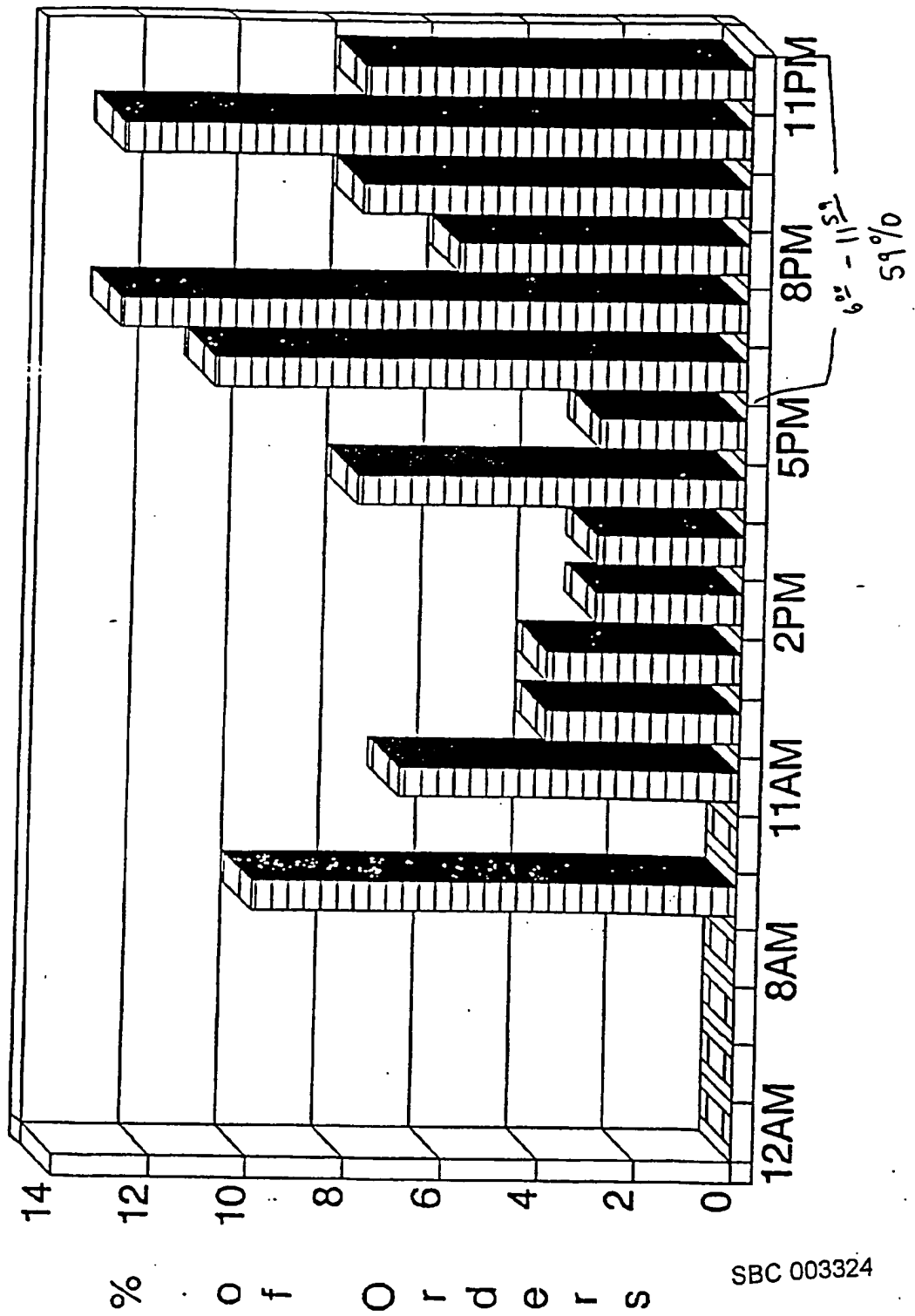


SBC 003323

Exhibit A

# Pacific Time Zone ADI

## Founding/ Charter Members



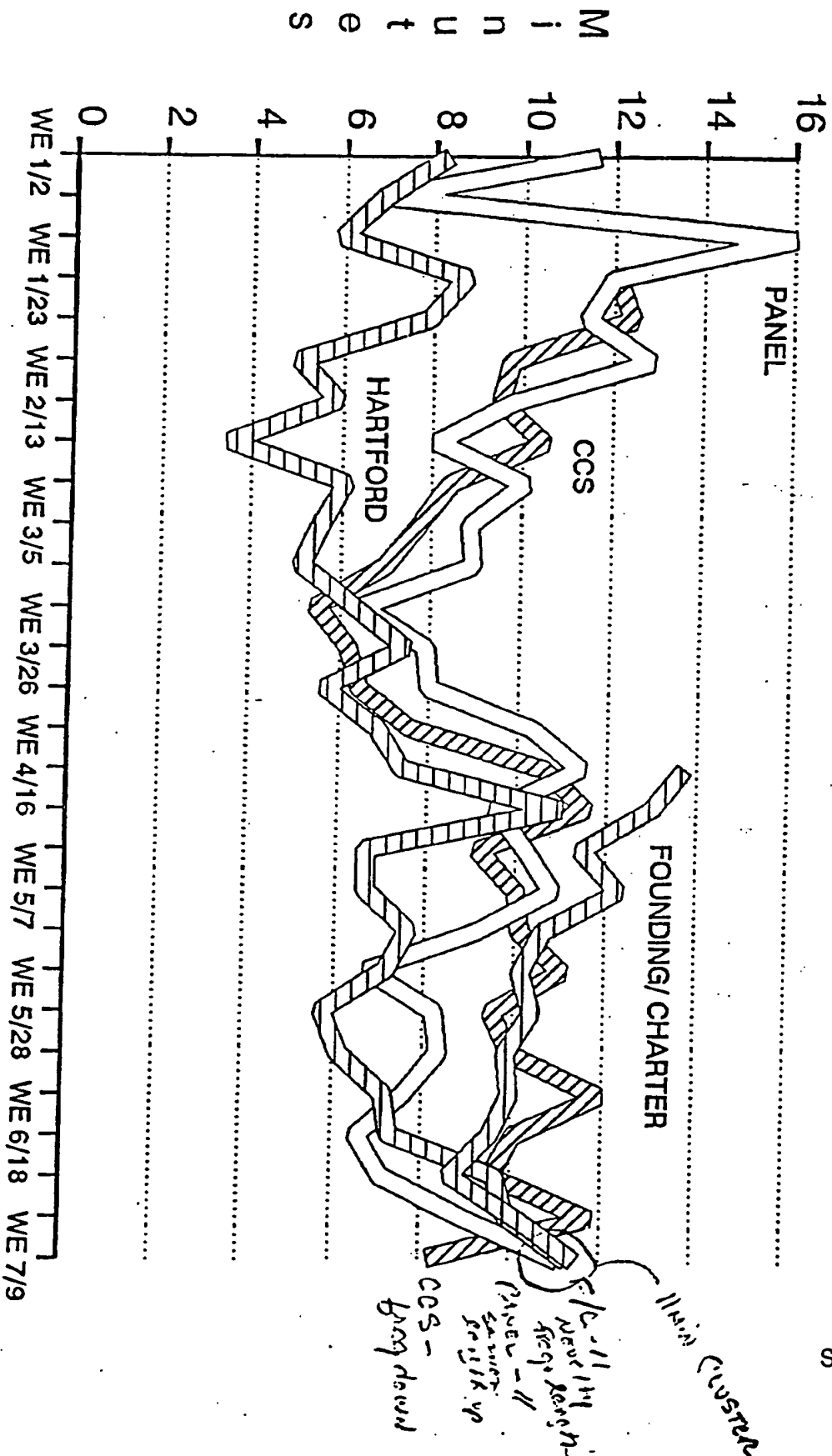
SBC 003324

Exhibit A

# Avg. Daily Usage Per Active Member

SBC 003325

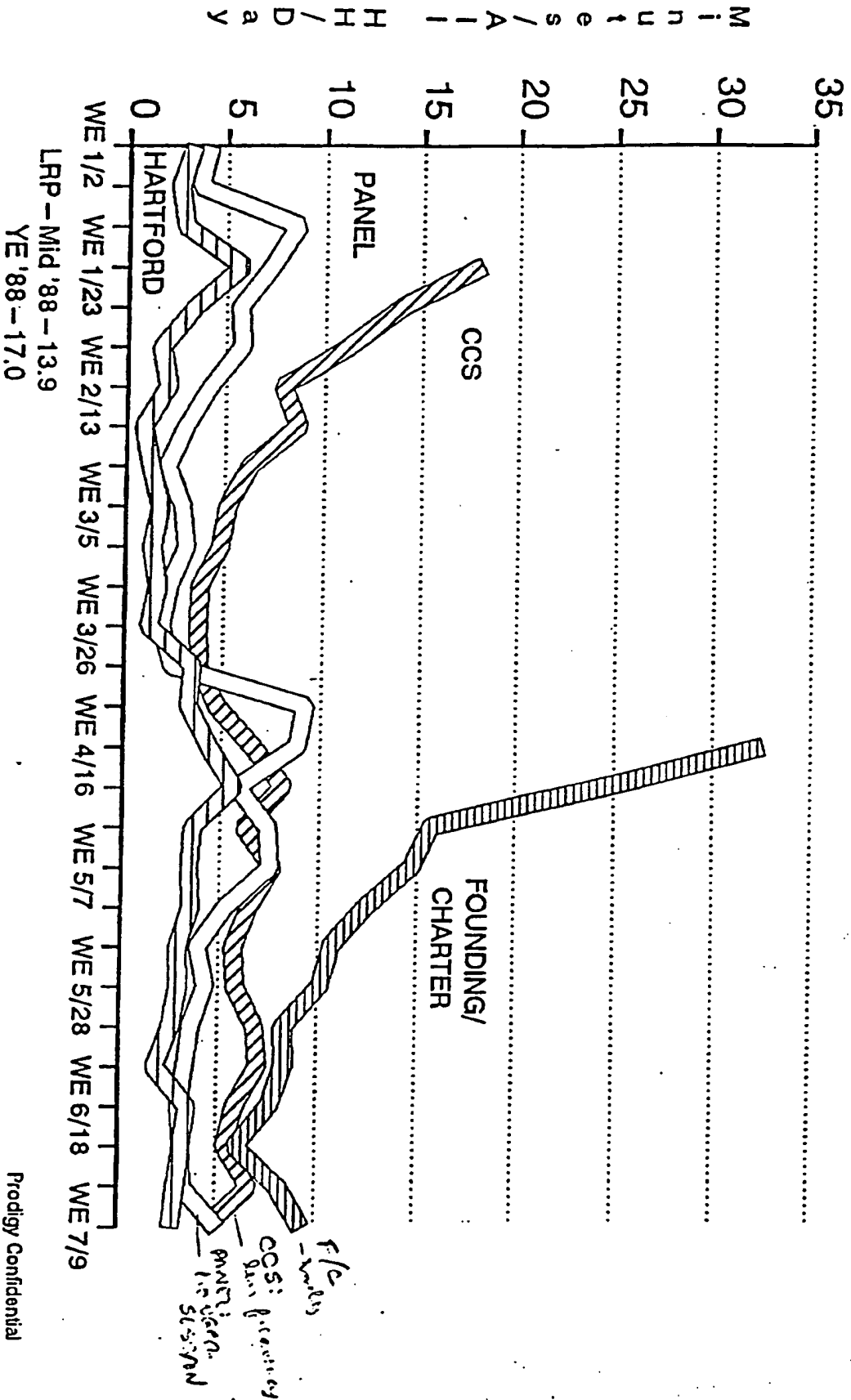
Exhibit A



# Daily Usage / All HH's

SBC 003326

Exhibit A



Prodigy Confidential

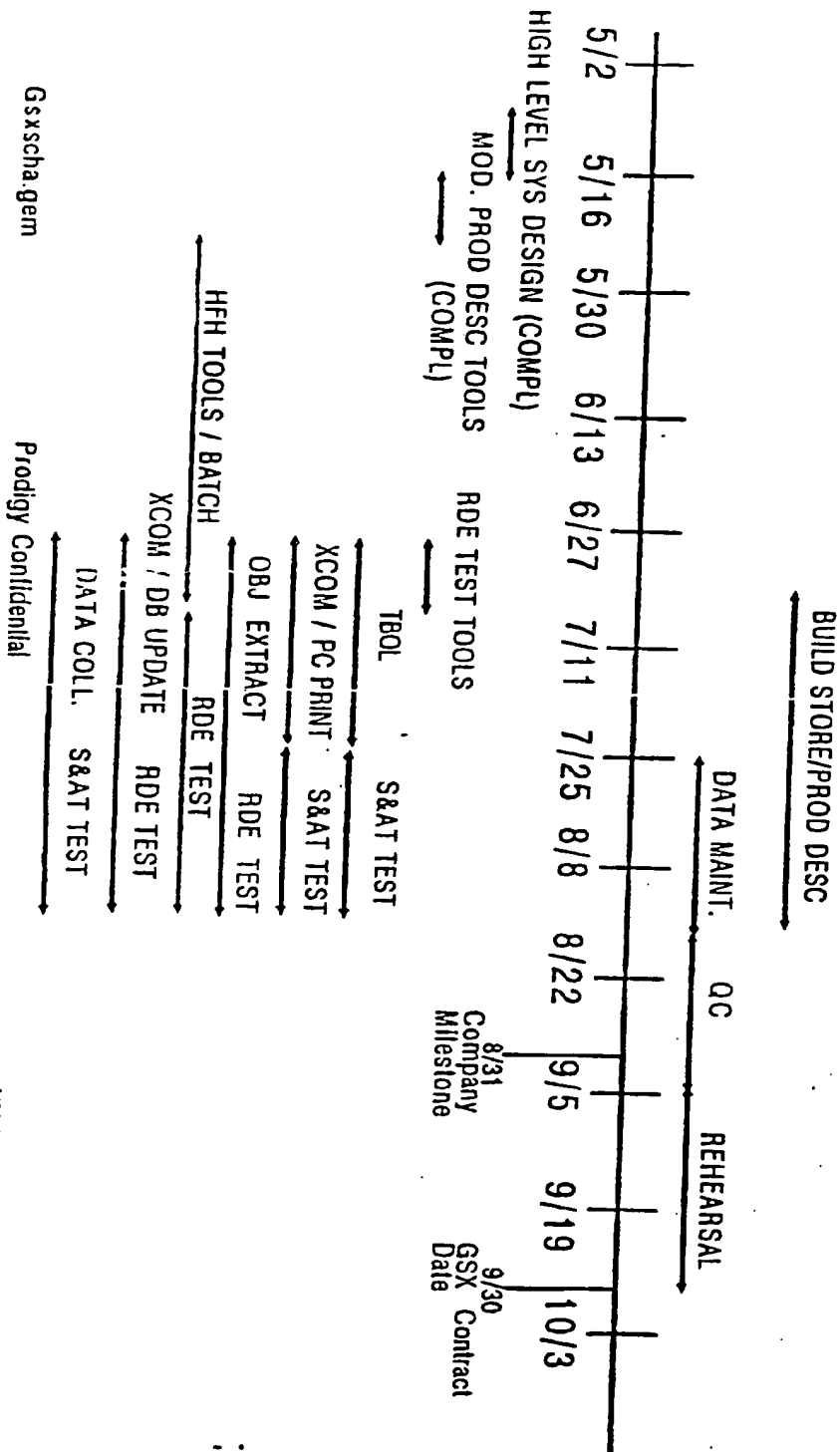


## **KROGER**

- First production order was processed on June 30
- Regular commercial delivery began on schedule — July 5
- Expanded from 10 to 45 users on 7/18
- 2nd Store — 10/88
- 3rd/4th Stores — 1/89

SBC 003327

# GROCERY EXPRESS DEVELOPMENT/IMPLEMENTATION SCHEDULE



SBC 003328

Exhibit B

## AMERICAN AIRLINES – PHASE I

- On – service – 7/15/88
- More than 600 EAASY SABRE enrollments

## AMERICAN AIRLINES – PHASE I.1

- Target for 9/30/88
- Price Quotes (exposed on AA side)
  - Non – display Credit Cards
  - Non – smoking flights

## AMERICAN AIRLINES – PHASE II

- Target 3/89
- Cars
  - Hotels
  - AADVANTAGE Inquiry
  - Multiple Passengers
  - Booking Restrictions

SBC 003329

**Exhibit B**

## QUICK MENU PHASE 1

Review and Path are ready to go on service

Quick Guide is causing application problems

Evaluating alternatives – package Review and Path  
without Quick Guide

SBC 003330

JAR 6/17/88

**Exhibit B**

## PERSHING – PHASE1

- S&AT testing in progress – exit date 7/29
- Controlled user test/rehearsal  
begins 8/4/88 with real trading
- On –service 8/31 – Company milestone

SBC 003331

## BANKING APPLICATIONS

C&S                      MHT Replication – target 9/30

TRUSTCORP            2Q89 Target  
Joint planning/design – 7/30

NBD                      Signed contract  
Planned as first Trustcorp bank  
Complicates Trustcorp project

COMERICA            MHT Replication

## CONTRACTS PENDING

- CITIBANK
- SOVRAN
- BANK OF AMERICA

SBC 003332

## ADDITIONAL APPLICATIONS

### ON SERVICE

ELECTRONIC DATA DISTRIBUTION SYSTEM 7/8

CONSUMER REPORTS RATINGS 7/14  
(PRODUCTION CAPABILITY)

COMPUTER EXPRESS 7/21

DOW JONES NEWS 7/29

BULLETIN BOARDS 8/5

SBC 003333

Exhibit B

PLS AVAILABILITY

	<u>4Q87</u>	<u>1Q88</u>	<u>2Q88</u>	<u>JULY 1-17</u>
BLOOMFIELD	93.4%	97.2%	97.6%	96.9%
SOUTHINGTON	97.0%	96.7%	98.3%	96.9%
WHITE PLAINS	97.0%	97.3%	97.9%	97.3%
NORWALK			98.0%	96.3%
ATLANTA			96.0%	97.3%
BERKELEY			97.5%	98.6%
PLEASANTON			98.7%	98.7%
PALO ALTO			97.6%	97.9%
SAN FRANCISCO (SPEAR ST.)			98.4%	98.6%
AVERAGE	95.8%	97.1%	97.8%	97.6%

SBC 003334

a:05028801.025

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**Exhibit C**



PLS OUTAGE SUMMARY (6/16 - 7/17)

	<u>TOTAL</u> <u>#</u>	<u>DUR</u>	S/I SOFTWARE	BACKBONE D E F	OPER	NETWORK SOFT.	TPF SOFT.	ENV.	S/I HARD
BLOOMFIELD	1	5:12		1 1					
SOUTHINGTON	1	2:32							
WHITE PLAINS	3	2:27	3		1			1	
NORWALK	1	5:09			1				
ATLANTA	2	3:01	1	3					
BERKELEY	6	1:26	1	6					
PALO ALTO	2	2:18		5					
PLEASANTON	1	:36		2					
SPEAR ST.	3	3:17		5					
W.P. 800#	1	:54	1						

D = MCI FAILURE

E = DSU IN TEST/DSU DROP DSR

F = OTHER LINE PROBLEMS

PLUS 9 HOST OUTAGES

SBC 003335

Exhibit C

A:0719801.025

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### HOST OUTAGES

6/18	PORTS NOT OPENED AUTOMATICALLY CODES CHANGES MADE TO TINA	00:10
6/21	TTOPS FAILURE (REFRESH LATE) CODE CHANGES MADE TO TTOPS (BEATTIE)	02:40
6/22	AIR CONDITIONING FAILURE IMPROVED PREVENTIVE MAINTENANCE	06:24
6/23	OPERATOR ERROR (CROSS DOMAIN LINK) ENHANCED RECOVERY IMPLEMENTED	01:04
6/27	HOST HARDWARE (CHANNEL DATA CHECK) ENHANCED RECOVERY IMPLEMENTED	00:54
7/5	ADQUEUE LOADED ON WRONG SYSTEM (REFRESH LATE) CODE CHANGES MADE TO PODM (BEATTIE) ENHANCED PROCEDURES	02:15
7/7	PROCEDURAL ERROR WHILE ADDING AA TO PRODIGY ENHANCED PROCEDURES	01:00
7/8	BAD TTOPS DATA (REFRESH LATE) REMOVED BAD DATA PROBLEM ANALYSIS ONGOING (PEPPER)	00:36
7/17	AIR CONDITIONING FAILURE REPLACED FAILED EQUIPMENT	03:00

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a:05028801.025

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**Exhibit C**

PLS OUTAGE ACTION SUMMARY 7/14

MCI NETWORK PERFORMANCE

- 0 MCI CHANGE MANAGEMENT  
DAILY EVENT MANAGEMENT WITH 3RD LEVEL
- 0 T1 TRIANGLE IMPLEMENTATION  
PLEASANTON/BERKELEY 7/12
- 0 800 AUTO RETRY RECEPTION SYSTEM  
FIELD RELEASE - JUNE
- 0 'FRAME SLIP'  
BEGIN MCI TESTING 7/15

DSU SENSITIVITY

- 0 MCI HAS CERTIFIED 5822
- 0 PRODIGY LAB TESTING COMPLETED
- 0 PRODIGY FIELD TESTING BEGUN ~~7/14~~ 7/18 7/22

SERIES 1 SOFTWARE

- 0 TOCS OBJECT CORRUPTION  
DEVELOPMENT FIX OUT OF S&AT 7/14
- 0 TOCS STOPPED/OLD CONTENT  
DIAGNOSTIC TRAP BEING DESIGNED (NAKASHIAN)
- 0 BERKELEY - LOST COMMUNICATION  
IMPROVED REMOTE S/I DUMP CAPABILITY BEING DESIGNED  
(NAKASHIAN)  
S/I DEVELOPER PAGERS/TEMPORARY PROCEDURE IN PLACE
- 0 TCS OMCM9  
DEVELOPMENT FIX OUT OF S&AT 7/14

SBC 003337

A:0713803.025

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Exhibit r

MEMBER IMPACT ANALYSIS

	<u>JUNE PLS AVAIL.</u>	<u>ESTIMATED LOGON FAILURES</u>	<u>ESTIMATED SESSIONS INTERRUPTED</u>
BLOOMFIELD	96.60%	80/2016	11/1935
SOUTHINGTON	97.50%	48/1466	8/1418
WHITE PLAINS	97.12%	5/164	1/159
NORWALK	97.50%	90/2973	15/2883
ATLANTA	97.16%	360/10355	61/9995
BERKELEY	97.23%	68/2099	20/2031
PLEASANTON	97.76%	30/1302	7/1272
PALO ALTO	97.25%	151/4529	31/4378
SAN FRANCISCO (SPEAR STREET)	97.12%	57/1609	14/1552
TOTAL		889/26513	168/25623
<hr/>			
<u>AVAILABILTY COMPARISION</u>	<u>97.3%</u>	<u>96.6%</u>	<u>99.3%</u>

SBC 003338

A:0606802.025

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Exhibit C

FIELD TECHNICAL OPERATIONS

MARKET ENTRY REVIEW

JULY 20, 1988

PLS'S UNDER CONSTRUCTION:

CURRENT STATUS

SAN JOSE

INSTALLATION STARTED

LA ADI:

0 SHERMAN OAKS

CONNECTIVITY ESTABLISHED

0 CHINO

CONNECTIVITY ESTABLISHED

0 WHITTIER

CONNECTIVITY ESTABLISHED

0 SAN PEDRO

CONNECTIVITY ESTABLISHED

0 EAGLE ROCK

INSTALLATION COMPLETED

0 IRVINE

INSTALLATION COMPLETED

0 ANAHEIM

INSTALLATION COMPLETED

0 THOUSAND OAKS

INSTALLATION STARTED

0 SAN DIEGO

INSTALLATION STARTED

0 INGLEWOOD

FX INSTALLED,  
SITE SELECTION

0 SANTA BARBARA

LEASE SIGNED, 800 #

SACRAMENTO ADI:

0 MODESTO

INSTALLATION STARTED

0 SACRAMENTO

INSTALLATION STARTED

SBC 003339

0:0421801.020  
RRF/4

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Exhibit 7

FIELD TECHNICAL OPERATIONS  
MARKET ENTRY REVIEW  
JULY 20, 1988

'CALIFORNIA TRIANGLE' T1

0	SHERMAN OAKS - WHITE PLAINS	COMPLETED
0	SHERMAN OAKS - PLEASANTON	COMPLETED
0	PLEASANTON - WHITE PLAINS	COMPLETED
	AT&T CIRCUIT	
0	SF PLS - PLEASANTON	
	PLEASANTON ON T1	COMPLETED
	3 PLS' MOVED TO T1	COMPLETED

SBC 003340

0:0421801.020  
RRF/4

Prodigy Confidential

Exhibit C

FIELD TECHNICAL OPERATIONS

MARKET ENTRY REVIEW

JULY 20, 1988

1989 ROLLOUT PLAN

CURRENT STATUS

ADI'S:

0	DETROIT(3)	LEASE NEGOTIATION
0	BOSTON (3)	LEASE NEGOTIATION
	- 1 LEASE SIGNED	
0	NEW YORK (5)	
	- MANHATTAN, QUEENS	LEASE NEGOTIATION
	- NASSAU CO, NEW JERSEY	LEASE NEGOTIATION
0	WASHINGTON, DC/BALTIMORE (4)	SITE SELECTION
0	PHILADELPHIA (7)	SITE SELECTION
0	DENVER (1)	SITE SELECTION
0	CLEVELAND (2)	SITE SELECTION

SBC 003341

0:0421801.020  
RRF/4

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Exhibit c

SIGNED CONTRACTS SINCE 6/29

PACKAGES

CATALOG/RETAIL	- K-MART	
	- TIME-LIFE BOOKS	2
FINANCIAL SERVICES:	- DOW JONES/WSJ	1
NATIONAL MARKETING:	- APPLE COMPUTER	
	- BRITANNICA SOFTWARE	
	- BROOKTROUT TECHNOLOGY	
	- DOLE PACKAGE FOODS	
	- HAYES MODEMS	
	- NEC INFO SYSTEMS	6
TRAVEL:	- SITMAR CRUISES	1
	TOTAL =	10

SBC 003342

A:06288PH2.CAG

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**Exhibit D**



COMMERCIAL MARKETING

CONTRACT STATUS

AS OF 07/18/88

	<u>IN 1988</u>	<u>CUMULATIVE</u>
SALES PACKAGES	48	113
SPECIALTY APPLICATIONS	7	15
	<hr/>	<hr/>
TOTAL	55	128

CLIENTS 118

PROSPECTS

SALES PACKAGES	14
SPECIALTY APPLICATIONS	7
	<hr/>
TOTAL	21

SBC 003343

A:06288PH2.CAG

Prodigy Confidential

Exhibit D

SALES PACKAGES

LIKELY PROSPECTS

PAGE 1 OF 2

BANK MARKETING

- BANK OF AMERICA
- COMERICA
- SOVRAN

3

CATALOG/RETAIL

- CARSON, PIRIE, SCOTT
- EGGHEAD SOFTWARE

2

FINANCIAL SERVICES

- BUSINESS WEEK
- STANDARD & POORS
- U.S. POST OFFICE
- VALUE LINE
- JOHN HANCOCK

5

SBC 003344

A:06288PH2,CAG

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**Exhibit D**

SALES PACKAGES

LIKELY PROSPECTS

PAGE 2 OF 2

NATIONAL

- CAMPBELL SOUP
- GENERAL MILLS
- KODAK

3

TRAVEL

- EASTON PRESS

1

TOTAL

14

SBC 003345

A:06288PH2.CAG

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Exhibit D

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# COMMERCIAL DESTINATION CATEGORIES

## **SHOPPING I**

Grocery

Travel

Pastimes

Boutiques

Apparel/  
Accessories

Dept. Stores

Sports, Etc.

## **SHOPPING II**

Your Home

Auto

PC Software

PC Products

Audio/Video

Photography

## **FINANCE**

Banking

Insurance

Credit/Loan

Investments

SBC 003346

---

# BANKING

---

A Leading Bank in Each Launch Market

Providing:    Electronic Branch  
                 Account Look-Up  
                 Funds Transfer  
                 Bill Payment  
                 Messaging

Connecticut	B.N.E.
Atlanta	<b>C &amp; S</b>
California	<b>Great Western*</b> , B of A, Citibank
Detroit	<b>NBD, Comerica, Toledo Trust,</b>
Boston	B.N.E.
Washington D.C.	Sovran
Baltimore	Sovran
Philadelphia	
New York	<b>MHT</b> , Citibank
Denver	<b>Comerica</b>
Cleveland	Toledo Trust
Miami	<b>C &amp; S</b>
Seattle	B of A
Houston	
Dallas	
Chicago	Citibank , <b>NBD</b>

---

**Contracts:** MHT, C&S, Toldeo Trust, Great Western\*, NBD, Comerica

**Contract Negotiations:** Citibank, B of A, Sovran

**Field Test:** B.N.E.

\*Ad Package Only

SBC 003347

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## GROCERY

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A quality grocery provider in  
each launch market:

4,000+ Items  
Home Delivery

Connecticut	Haberman/D'Agostino
Atlanta	Kroger
San Francisco	Grocery Express
Sacramento	Market Wholesale Grocery
Southern California	
Detroit	Kroger
Boston	Haberman/D'Agostino
Washington D.C.	Giant
Baltimore	
Philadelphia	
New York	Haberman/D'Agostino
Denver	Kroger
Cleveland	
Miami	
Seattle	
Houston	Kroger
Dallas	Kroger
Chicago	Nash Finch

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**Contracts:** Kroger, Grocery Express , Nash Finch

**Contract Negotiations:** Haberman/D'Agostino/Supervalu

SBC 003348

## COMMERCIAL DESTINATION CATEGORY

# G R O C E R Y

1. Grocery Stores	5.
2. Carnation	6.
3. Pillsbury	<u>UNDER DEVELOPMENT:</u>
4. Procter & Gamble	<input type="radio"/> Dole Package Food
9.	

### KEY PROSPECTS:

Campbells Soup  
General Mills

SBC 003349

## COMMERCIAL DESTINATION CATEGORY

# TRAVEL

**Description:** Will become next Commercial Building to provide Members the ability to choose from a variety of travel options and book transportation, lodging, tours, and cruises based on the type of activity / destination.

<b>1. TRAVEL CENTRAL</b> Steven Birnbaum, Travelog, Travel Forecast	
<b>2. BritRail</b>	<b>6. Air France</b>
<b>3. British Tourist Authority</b>	<b>7. Eaasy Sabre</b>
<b>4. Norwegian Cruise Line</b>	<u>UNDER DEVELOPMENT:</u> <ul style="list-style-type: none"><li><input type="radio"/> Sheraton</li><li><input type="radio"/> Edwards &amp; Edwards</li><li><input type="radio"/> Alamo</li><li><input type="radio"/> Rosenbluth</li><li><input type="radio"/> American On-Line Service</li><li><input type="radio"/> Allstate Motor Club</li><li><input type="radio"/> Budget Rent A Car</li><li><input type="radio"/> Cortell Atlantic &amp; Pacific</li><li><input type="radio"/> Globus Gateway</li><li><input type="radio"/> National Car Rental</li><li><input type="radio"/> Sitmar Cruises</li></ul>
<b>5. Trusthouse Forte</b>	

### KEY PROSPECTS:

Official Recreation Guide  
Cruise Scan Database

SBC 003350



## COMMERCIAL DESTINATION CATEGORY

# DEPT. STORES

**Description:** Members will look in this category for clients recognized as Department Stores. Their product offerings will cover many other categories.

1. <b>DEPT. STORES CENTRAL</b> News by Industry: Retail, Personal, CR Library, etc.	
2. Sears	6.
3. JC Penney	7.
4. Neiman Marcus	<u>UNDER DEVELOPMENT:</u>  <input type="radio"/> The Broadway <input type="radio"/> Lechmere <input type="radio"/> K mart
5.	

### KEY PROSPECTS:

Carson, Pirie, Scott & Co.  
Harris Dept. Stores

SBC 003351

5/20/5-23-88

**Exhibit D**

## COMMERCIAL DESTINATION CATEGORY

# BOUTIQUES

**Description:** This miscellaneous category is intended to be a browsing category for Members. Clients will move from this category to their own when sufficient additional clients are live (example: CHANEL to a fragrances/cosmetics category).

1. <b>BOUTIQUES CENTRAL</b> Under 21, Carmen Sandiego, etc.	
2. The Right Start	6. Current
3. Nestles	7. Sophisticated Legs
4. Disney	<u>UNDER DEVELOPMENT:</u>
5. CHANEL	<input type="radio"/> The Great Living Catalog <input type="radio"/> PetWorks <input type="radio"/> Texas Instruments

### KEY PROSPECTS:

Compartments (Div. Carson, Pirie, Scott)  
TSR (Toys / Games / Hobbies)

SBC 003352

0/20.5-23-88 :

**Exhibit D**

## COMMERCIAL DESTINATION CATEGORY

# PASTIMES

Description: Provides members with a variety of ENTERTAINMENT choices focusing on BOOKS, RECORDED MUSIC and miscellaneous activities. As content expands for sub-categories within PASTIMES, new destination categories will be developed.

1. PASTIMES CENTRAL Book Tip, Bridge, Encyclopedia Britannica, Diehl, Music Tip, Etc.	
2. McCall's Cooking School	6. Showtime  <u>UNDER DEVELOPMENT:</u>  <ul style="list-style-type: none"><li>○ Bantam Books</li><li>○ Doubleday Books</li><li>○ Musicland (Sam Goody)</li><li>○ Time/Life Books</li></ul>
3. Reading Center	
4. Knowledge Collection	
5. Your Opinion	

### KEY PROSPECTS:

Musicland (Data Base)  
Walden Books (DataBase)

SBC 003353

D/20:5-23-88

**Exhibit D**

## COMMERCIAL DESTINATION CATEGORY

# PC SOFTWARE

**Description:** Software publishers will provide detailed product information; Computer Express will provide a Discount Fulfillment data base; and PC Software Central will provide product reviews.

1. PC SOFTWARE CENTRAL Also, Industry News, PC News, Consumer Reports (PC)	
2. Spinnaker Software	6. Computer Express
3. Software Publishing Corporation	7.
4. Power Up!	<u>UNDER DEVELOPMENT:</u>
5. Broderbund Software	<ul style="list-style-type: none"><li>○ Activision/Infocom</li><li>○ Microsoft</li><li>○ Computer Express (Data Base / Fulfillment)</li><li>○ Britannica Software</li><li>○ Brooktrout Technology</li></ul>

### KEY PROSPECTS:

Egghead Software

SBC 003354

## COMMERCIAL DESTINATION CATEGORY

# PC PRODUCTS

**Description:** This category will cover PC Hardware, Peripherals and Accessories. Purchasing will take place both directly and via computer retailers/catalogers.

1. <b>PC PRODUCTS CENTRAL</b> PC News, Consumer Reports (Printers), Alsop	
2. Dartek	6. Computer Express
3. NEC Home Electronics	7.
4. IBM	<u>UNDER DEVELOPMENT:</u>
5. Data Set Cable	<ul style="list-style-type: none"><li><input type="radio"/> Apple</li><li><input type="radio"/> Hayes</li><li><input type="radio"/> NEC Information Systems</li></ul>

**KEY PROSPECTS:**

SBC 003355

## COMMERCIAL DESTINATION CATEGORY

# AUDIO / VIDEO

**Description:** Manufacturers of Audio and Video products will be joined by catalogers and retailers.

1. <b>AUDIO/VIDEO CENTRAL</b> Inside Soaps, Movie Srch. (DB), Movie Tip, Cnsmr. Rpts. Cable TV, etc.	
2. SONY - Television	6. NEC
3. Technics	7.
4. Panasonic	8.
5. Sony - VCR Camcorders	9. <u>UNDER DEVELOPMENT:</u> Lechmere

### KEY PROSPECTS:

SBC 003356

## COMMERCIAL DESTINATION CATEGORY

# PHOTOGRAPHY

**Description:** The Photography category will feature the top camera and film manufacturers, film processing laboratories, retailers and catalogers.

1. PHOTOGRAPHY CENTRAL Photo News, Art Gallery	
2. Polaroid	6.
3. Fuji	7.
4.	<u>UNDER DEVELOPMENT:</u>
5.	<input type="radio"/> Nikon <input type="radio"/> K mart

### KEY PROSPECTS:

Kodak

SBC 003357

D/205-23-88

**Exhibit D**

## COMMERCIAL DESTINATION CATEGORY

# INSURANCE

**Description:** All insurance companies will appear in this category until segmented into the types of insurance provided (Life, Health, Auto, etc.).

1. Aetna	
2. Allstate - Property & Casualty	6.
3. Colonial Penn	7.
4. Animal Health	<u>UNDER DEVELOPMENT:</u>
5.	<ul style="list-style-type: none"><li><input type="radio"/> Travelers</li><li><input type="radio"/> Washington National Life</li><li><input type="radio"/> Sun Life</li><li><input type="radio"/> Allstate Life</li></ul>

### KEY PROSPECTS:

John Hancock

SBC 003358



## COMMERCIAL DESTINATION CATEGORY

# INVESTMENTS

**Description:** The Investments category will migrate to logical groups based on product offerings (stocks, mutual funds, CD's, Bonds, Real Estate, etc.).

1. Sears Financial Network	
2. Coldwell Banker Real Estate	6.
3. Dean Witter	7.
4. Dreyfus	<u>UNDER DEVELOPMENT:</u>
5.	<ul style="list-style-type: none"><li><input type="radio"/> Pershing (Brokerage)</li><li><input type="radio"/> Scudder</li><li><input type="radio"/> 20th Century Investors</li><li><input type="radio"/> Dow Jones NewsRetrieval</li><li><input type="radio"/> Principle Financial</li><li><input type="radio"/> Dow Jones/WSJ - Barrons</li></ul>

### KEY PROSPECTS:

Business Week  
Standard & Poors  
Value Line

SBC 003359

SHOPPING PROMOTIONS - 1988

SHOWER OF SAVINGS

APRIL

SUMMER SAVINGS DAYS

AUGUST - SEPTEMBER

SHOPPING "SWEEPSTAKES"

SEPTEMBER - DECEMBER

HOLIDAY SHOPPING EVENT

NOVEMBER - DECEMBER

SBC 003360

**Exhibit D**

1988 CLIENTS WITH EOB

BANTAM, DOUBLEDAY, DELL

COMPUTER EXPRESS

DARTEK

JC PENNEY

NEIMAN MARCUS

RELIABLE HOME OFFICE

THE RIGHT START

SEARS

WALT DISNEY

THE WOODEN SPOON

1988/89 EOB TO COME

CURRENT

FLORSHEIM

GREAT LIVING CATALOG

THE KNOWLEDGE COLLECTION

PETWORKS

REI

SPIEGEL

SBC 003361

**Exhibit D**

# 1988/89 DATABASE CLIENTS

SBC 003362

<u>CATEGORY</u>	<u>CLIENTS(S)</u>	<u>ESTIMATED RECORDS</u>	<u>SIGNED</u>	<u>LIVE</u>
SOFTWARE	COMPUTER EXPRESS	2,500	2088	3088
MUSIC-POPULAR	MUSIC LAND	15,000	3088	1089
-CLASSICAL	MUSIC LAND	15,000	1089	3/4089
-BROADWAY	MUSIC LAND	5,000	1089	3/4089
-MOVIES	MUSIC LAND	25,000	1089	3/4089
BOOKS	WALDENBOOKS	25,000	3088	1/2089
TOOLS & HARDWARE	SEARS	8,000	3088	1/2089
PHOTOGRAPHY	RITZ, CAMERA SHOP	3,000	4088	2/3089
CONSUMER ELECTRONICS	LECHMERE, CIRCUIT CITY	5,000		
SPORTING GOODS	OSHMAN'S, HERMAN'S	500	2-1089	3/4089
SMALL APPLIANCES	LECHMERE	1,000	2-2089	4089/1090
TOYS	TOYS-R-US, HOBBY CENTER	2,500	1-3089	1/2090
OFFICE SUPPLIES	RELIABLE, QUILL	10,000	1-4089	2/3090
AUTOMOTIVE ACCESSORIES	SEARS	10,000		

ARTEC CUG DEMO

0 BUSINESS REASONS FOR CUG

- IMAGE
- CONTROL
- SECURITY

0 CUG DEVELOPMENT

- ARCHITECTURAL ISSUE/BUSINESS SERVICE NEED
- COMPROMISES
  - LEAST IMPACT
  - MOST FUNCTION

0 TOUR GUIDE

- WHAT'S DIFFERENT/SAME
- WHAT'S GOING ON UNDER THE COVERS

SBC 003363

A:0718801.047

Prodigy Confidential

Exhibit E

ARTEC CLOSED USER GROUP

- 0 USER ID GENERATION
- 0 PROFILE
- 0 LOGON
- 0 HIGHLIGHTS
- 0 AD QUEUE
- 0 PRODIGY SERVICES ASSISTANT
  - JUMPWORDS
  - INDEX
  - VIEWPATH
  - GUIDE
  - TOOLS
- 0 MAILBOX
- 0 ENFORCEMENT

SBC 003364

A:0713801.047

PRODIGY CONFIDENTIAL

Exhibit E

CHARTER PROGRAM  
ORDER FORECAST

	<u>ORIGINAL PLAN</u>	<u>REVISED FORECAST</u>	<u>VAR.</u>
DIRECT ORDERS	5,200	5,000	(200)
SPECIALTY/MISC.	<u>4,430</u>	<u>4,630</u>	<u>200</u>
	9,630	9,630	0

NEW FORECAST ASSUMPTIONS

- o ACTUAL CIRCULATION OF MAIL
- o ACTUAL DROP DATES
- o SPECIALTY ALLOCATION INCREASED

SBC 003365

A:07208MK1.055

PRODIGY INTERNAL USE ONLY

**Exhibit F**

# ORDERS AS OF 7/15/88

	<u>ORDERS</u>	<u>MODEMS</u>	<u>%</u>
FOUNDING	3,234	606	19%
CHARTER	<u>5,124</u>	<u>402</u>	8%
TOTAL GROSS	8,358	1,008	12%
TOTAL NET	7,615	909	12%
GOAL	12,630		

# ENROLLMENTS AS OF 7/15/88

	<u>ENROLLMENTS</u>	<u>%</u>
FOUNDING	2,241	72%
CHARTER	<u>1,305</u>	29%
TOTAL	3,546	47%

SBC 003366

A:07208MK1.055

PRODIGY INTERNAL USE ONLY

**Exhibit F**



FOUNDING MEMBER ACTIVATION PROGRAM

STEP I FOLLOW UP TELEPHONE CALL 6/29  
SORT PROBLEMS  
REFER TECHNICAL PROBLEMS TO MSS FOR CALL BACK  
DIRECT THEM TO ENROLL A.S.A.P.

STEP II PRIZE POST CARD 7/21  
TO THOSE STILL UNENROLLED WHO ARE NOT  
ACTIVE TECHNICAL PROBLEMS AND STILL INTERESTED

STEP III LETTER FROM R. S. GLATZER 8/15  
"HELP US SERVE YOU BETTER AND HOW HAVE  
WE FAILED YOU" MESSAGE

CHARTER

1.305

235

SBC 003367

A:06298MK1.055

PRODIGY INTERNAL USE ONLY

**Exhibit F**

FOUNDING MEMBER PROGRAM  
NON-ENROLLEE FOLLOW-UP

STATUS

TOTAL UNENROLLED MEMBERS	1001
CALLED THROUGH 7/16	777 (77%)

RESULTS

ALREADY ENROLLED	204
WILL ENROLL	384
TECHNICAL PROBLEMS	75
FULFILLMENT PROBLEMS	44
NOT QUALIFIED	39
KIT NOT RECEIVED	17
NO LONGER INTERESTED	14
BAD TELEPHONE NUMBERS	28

SBC 003368

A:07208MK1.055

PRODIGY INTERNAL USE ONLY

**Exhibit F**

NON-ENROLLEE FOLLOW-UP  
REASONS FOR NOT ENROLLING

6	RELOCATING COMPUTERS
22	HAD TECHNICAL PROBLEMS THAT HAVE BEEN RESOLVED WILL TRY AGAIN
35	HARDWARE/PHONE LINE IN STATE OF REPAIR
98	OUT-OF-TOWN/VACATION/ILLNESS
<u>223</u>	VERY BUSY
384	

SBC 003369

A:07208MK1.055

PRODIGY INTERNAL USE ONLY

**Exhibit F**

## DORMANT USER PROGRAM

### IMMEDIATE STEPS

- o RESEARCH TO IDENTIFY REASONS FOR DORMANCY
  - TELEMARKETING
  - REASONS
    - . NOVELTY
    - . SEASONALITY
    - . TECHNICAL ISSUES
- o IMPLEMENT PROGRAM 8/15

SBC 003370

A:07208MK1.055

PRODIGY INTERNAL USE ONLY

**Exhibit F**

## APPLE OVERVIEW

0 '89 STRATEGY IS INSTALLED BASE MARKETING (OCTOBER-DECEMBER IS THEIR FIRST QUARTER).

- SELL APPLE LINK, PRINTERS, ETC., TO INSTALLED BASE.
- SPRINGBOARD OFF EDUCATION (SCHOOLS) TO SELL-IN TO THE HOME.
- AGGRESSIVELY PROMOTE IIC (LOW END) AND IIGS FOR CHRISTMAS.

0 APPLE VIEWED PRODIGY AS PLAYING A KEY ROLE IN HELPING THEM SELL-IN TO THEIR INSTALLED BASE.

0 APPLE TARGETED TANDY AS THEIR #1 COMPETITOR.

SBC 003371

A:07198802.024

PRODIGY CONFIDENTIAL

**Exhibit F**

APPLE SURROGATE DISCUSSION

- 0 APPLE PREFERS TO COVER APPLE IIC, E IN SOME MANNER IF POSSIBLE, E.G. INCLUDING POSSIBLE UPGRADE STRATEGY IF NECESSARY.
- 0 APPLE EXPECTING TO WORK WITH US ON IIGS, IN COLOR, FOR NOVEMBER/DECEMBER.

SBC 003372

A:07198802.024

PRODIGY CONFIDENTIAL

**Exhibit F**

## APPLE II SURROGATE ALTERNATIVES

- 1) PROVIDE SURROGATE COVERAGE AS PLANNED FOR IIC, E, AND CONCURRENTLY DEVELOP SOME TYPE OF UPGRADE PROGRAM WITH APPLE.
  - 0 APPLE, FOURTH QUARTER '88, WILL OFFER IIC WITH INCREASED SPEED (1 MGH TO 4 MGH).
  - 0 IIC IS UPGRADEABLE FROM 128K TO 512K (SOME OWNERS ALREADY HAVE).
  - 0 DURING TIME THAT SURROGATE IS IN PLACE, DEVELOP 512K AS THE ENTRY LEVEL PLAN.
  - 0 PROBE FEASIBILITY OF NATIVE IIC, E.
- 2) ENTER MARKET WITH LIMITED IIC, E PROGRAM.
  - 0 SELECTIVE COVERAGE FOR SCHOOLS.
  - 0 SELECT 1,000-2,000 FOUNDING MEMBER APPLE II OWNERS AS OUR ADVISORS.

SBC 003373

A:07198802.024

PRODIGY CONFIDENTIAL

**Exhibit F**

0 TEST APPLE II OWNERS ACCEPTANCE OF THE SERVICE:

- VS MS-DOS OWNERS.
- VS GS AND MAC OWNERS.

0 LIMIT GEOGRAPHICAL COVERAGE (E.G. ATLANTA ONLY).

0 KEEP OPTIONS OPEN TO DO THE FOLLOWING:

- OPEN UP APPLE II COVERAGE IN THE MARKETPLACE.
- DROP SURROGATE STRATEGY AND CONVERT, VIA TRADE-IN PROGRAM, EXISTING MEMBERS TO IIGS.

SBC 003374

A:07198802,024

PRODIGY CONFIDENTIAL

**Exhibit F**



## MARKET COVERAGE STRATEGY

### ADVANTAGES

0 MAXIMIZES APPLE RELATIONSHIP.

0 PROVIDES GREATER OPPORTUNITY  
FOR INCREASING THE MEMBER BASE.

### DISADVANTAGES

0 COST

0 COMPLEXITY OF HANDLING  
FUTURE APPLE I-I PROSPECTS.

### DEPENDENCIES

0 DEVELOPING WORKABLE UPGRADE STRATEGY.

SBC 003375

A:07198802.024

PRODIGY CONFIDENTIAL

**Exhibit F**

## LIMITED COVERAGE STRATEGY

### ADVANTAGES

- 0 ALLOWS US TIME TO MONITOR AND MODIFY SURROGATE STRATEGY.
- 0 PROVIDES FLEXIBILITY FOR LATER IMPLEMENTATION OR DISCONTINUANCE.
- 0 DEMONSTRATES TO THE MARKET-PLACE (ALONG WITH IIGS AND MAC) THAT WE ARE SERIOUS ABOUT APPLE RELATIONSHIP/ LEARNING.

### DISADVANTAGES

- 0 DOES NOT DELIVER LARGE NUMBERS OF MEMBERS TO US.
- 0 MAY NOT PROVIDE LARGE ENOUGH ADVERTISER BASE TO SUPPORT APPLE ON PRODIGY.
- 0 COULD CAUSE COMMUNICATIONS CHALLENGES WITHIN APPLE II COMMUNITY.

ENTER THE MARKET WITH IIGS (COLOR) SURROGATE COVERAGE AND '89 MAC COVERAGE (DEVELOP NATIVE APPLICATION FOR IIGS).

SBC 003376

A:07198802.024

PRODIGY CONFIDENTIAL

**Exhibit F**

## UPDATES

### TANDY

- 256K ISSUE/RE-THINK SALES STRATEGY
- TANDY DESKMATE/PC LINK PLAN

### APPLE

- APPLE IIc,E ISSUE/RE-THINK SALES STRATEGY
- APPLE IIGS MERCHANDISE PLAN-RETAIL/MFG
- SPECIALTY MARKETING ACTIVITY

### IBM

- MODEL 25 CO-MARKETING PLAN
- C&S/INACOMP VAD/VAR PLAN

### HAYES

- 2400 BAUD MODEM

SBC 003377

A:07208MK1.055

PRODIGY INTERNAL USE ONLY

**Exhibit F**

# 1988 MILESTONES

<u>Dept</u>	<u>Milestone</u>	<u>Dates</u>		
		<u>Orig</u>	<u>Rev</u>	<u>Comp</u>
PD/SD/STT	Dow Jones Gateway And First Phase Of Dow Jones Application Available	1/15		12/15/87
MM	Subscriber Acquisition Support Systems In Place For Founding Member Program (REPLACEMENT)		2/29	4/05
MM	All Subscriber Acquisition Programs And Systems In Place For Launch Markets (REPLACED) (Orig: 3/31)			
MM	Subscriber Acquisition Support Systems In Place (REPLACED)(Orig: 3/31)			
MS/PD/STT	Rehearsal Of Expanded Hours Of Operation ( To 21 Hours )	3/31		4/04
CM/PD	60 Client Packages Live	3/31		3/30
CM	Contracts Signed In 1Q: 20 Packages, 1 MHT Replication, 1 Record Database Client	3/31		5/25
SD	New Version Of Installation Procedure And New Enrollment Available	4/15		4/05
MM	Recruitment of 1000 - 1500 Founding Members In Hartford, Atlanta, And San Francisco (REPLACEMENT)	4/30		4/15
COM	Launch In Atlanta and Connecticut	4/15	5/25	6/06
SD	Support For Tandy 1000 And IBM PS/2 In Native Graphics Mode Available (PC Jr. Deferred to 9/30)	4/15	5/15	5/23

SBC 003378

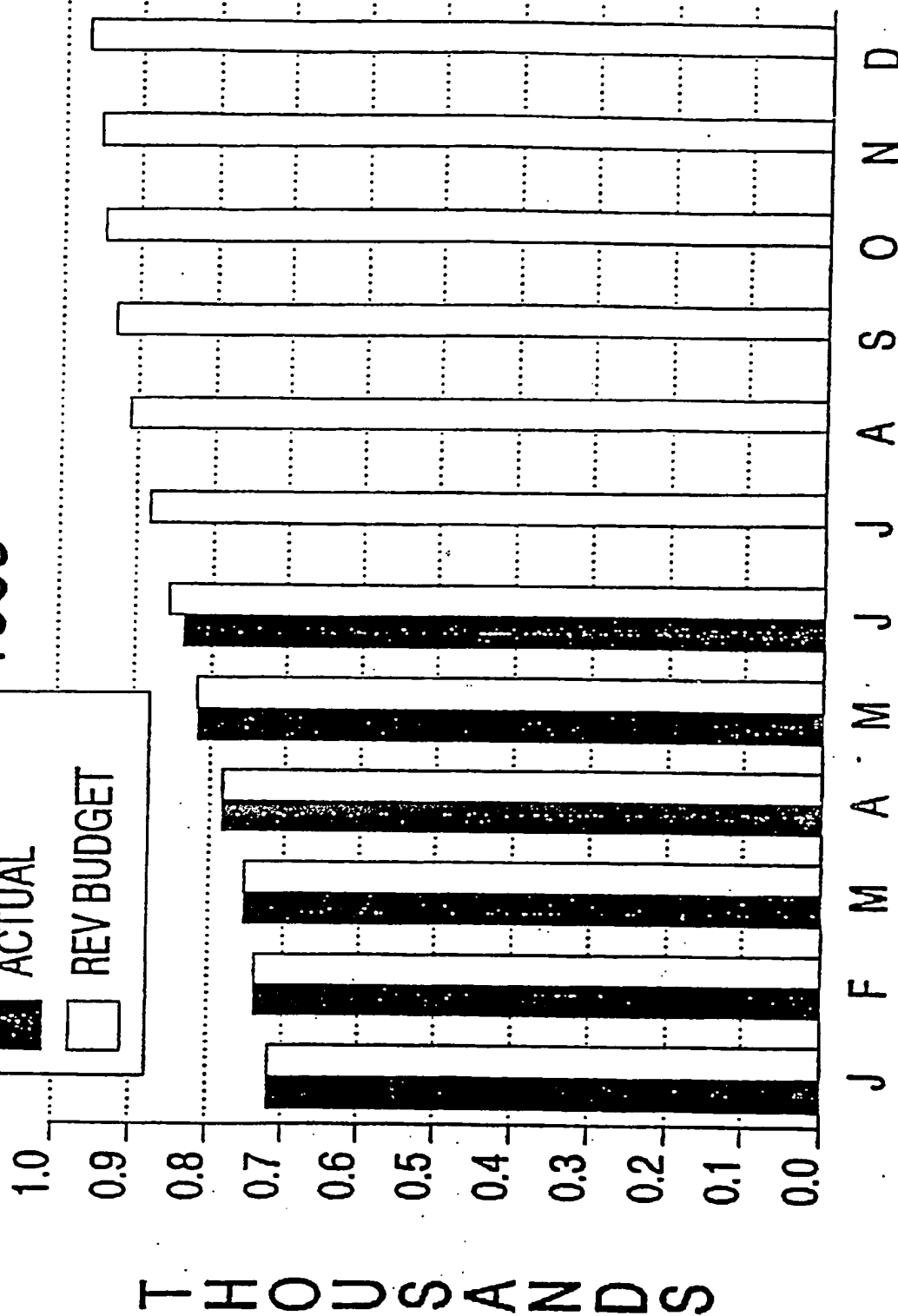
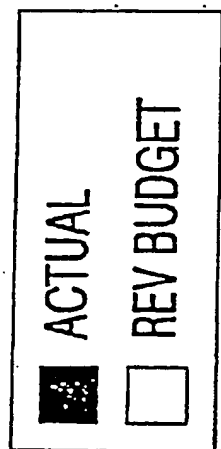
# 1988 MILESTONES

<u>Dept</u>	<u>Milestone</u>	<u>Dates</u>		
		<u>Orig</u>	<u>Rev</u>	<u>Comp</u>
MM	Subscriber Acquisition Support Systems In Place For Charter Member Programs (REPLACEMENT)	5/15		6/13
COM	Launch In San Francisco	5/05	6/06	6/06
PD/SD/STT	Kroger Gateway And Grocery Shopping Application Available In Atlanta	6/15		6/30
CM/PD	75 Client Packages Live	6/30		
CM	6 Mos. Contracts Signed: 45 Packages	6/30		6/30
CM	6 Mos. 1 Service Plus Travel Agent	6/30		6/30
CM	6 Mos. 2 Record Database Clients	6/30		
BUS	Close Market Support Service Contract	6/30		
BUS/PD/SD	Pilot Of Artec Service Live (REPLACED) (Orig: 7/15)			
PD/SD/STT	American Airlines Gateway And Phase 1 Application Available – First Preferred Travel Agent	7/15		7/15
MM	Subscriber Acquisition Support Systems In Place To Support Introductory Member Program (REPLACEMENT)		7/15	
SD	Support For MS-DOS Machines With At Least 256K Of Main Memory Available	4/15	7/18	
SD	Support For Apple II-c, II-e Available	4/15	7/18	
PD/SD/STT	Pershing Brokerage Gateway And Applications Available	8/31		
PD/SD/STT	Grocery Express Gateway And Application Available	8/31		

SBC 003379

# NUMBER OF EMPLOYEES

1988



SBC 003380

EXHIBIT G

PROPERTY CONFIDENTIAL

NUMBER OF EMPLOYEES  
JUNE 30, 1988

	ACTUAL	REVISED BUDGET	VARIANCE AMT	PCT
	-----	-----	-----	-----
MEMBERSHIP MARKETING	56	48	8	17
COMMERCIAL MARKETING	55	60	(5)	(8)
PRODUCT DEVELOPMENT	179	184	(5)	(3)
SYSTEMS DEVELOPMENT	175	174	1	1
SYSTEMS OPERATIONS & TELECOMMUNICATIONS	231	239	(8)	(3)
BUSINESS SERVICES	11	13	(2)	(15)
GENERAL & ADMINISTRATIVE	130	138	(8)	(6)
TOTAL	----- 837 =====	----- 856 =====	----- (19) =====	----- (2)
ORIGINAL BUDGET	----- 837 =====	----- 903 =====	----- (66) =====	----- (7)

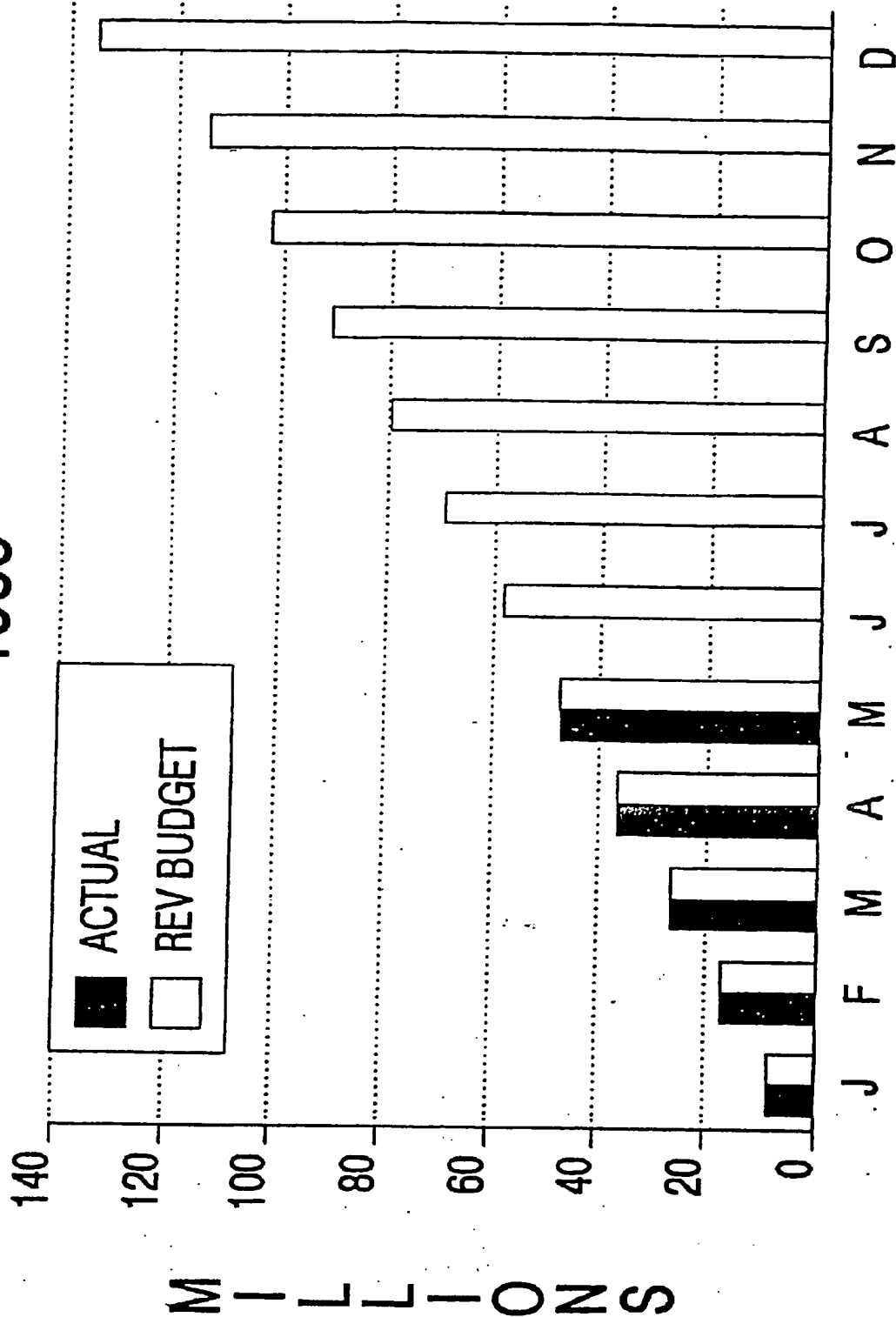
SBC 003381

PRODIGY CONFIDENTIAL

EXHIBIT G

# TOTAL NET EXPENSE

1988



SBC 003382

EXHIBIT G



NET EXPENSES  
JUNE 1988 - YEAR TO DATE  
(\$ 000's)

	ACTUAL	REVISED BUDGET	VARIANCE AMT	PCT
	-----	-----	-----	-----
REVENUE				
MEMBERSHIP MARKETING	51	376	325	86
COMMERCIAL MARKETING	581	528	(53)	(10)
	-----	-----	-----	
	631	904	272	30
	=====	=====	=====	
EXPENSES				
MEMBERSHIP MARKETING	6,535	6,648	(113)	(2)
COMMERCIAL MARKETING	3,380	3,348	32	1
PRODUCT DEVELOPMENT	8,930	8,767	163	2
SYSTEMS DEVELOPMENT	14,605	14,528	77	1
SYSTEMS OPERATIONS & TELECOMMUNICATIONS	16,652	17,198	(546)	(3)
BUSINESS SERVICES	1,374	1,621	(247)	(15)
GENERAL & ADMINISTRATIVE	6,794	6,991	(197)	(3)
	-----	-----	-----	
	58,269	59,100	(831)	(1)
	=====	=====	=====	
NET EXPENSES	57,637	58,196	(559)	(1)
	=====	=====	=====	
ORIGINAL BUDGET	57,637	63,757	(6,120)	(10)
	=====	=====	=====	

SBC 003383

PRODIGY CONFIDENTIAL

EXHIBIT G

NET EXPENSES  
JUNE 1988 - YEAR TO DATE  
(\$ 000's)

	ACTUAL	REVISED BUDGET	VARIANCE AMT	PCT
	-----	-----	---	---
INCOME				
SALES	631	904	273	30
INTEREST/OTHER	280	284	4	1
TOTAL INCOME	<u>911</u>	<u>1,188</u>	<u>277</u>	23
EXPENSES				
SALARIES & BENEFITS	24,568	24,775	(207)	(1)
RELOCATION	469	475	(6)	(1)
RECRUITING	1,378	1,196	182	15
TRAVEL	1,167	1,050	117	11
CONTRACT SERVICES	4,276	4,325	(49)	(1)
LEGAL/ADVERT/ACCTG FEES	1,518	1,598	(80)	(5)
DP SUPPLIES & EQUIPMENT	691	681	10	1
EQUIP RENTAL & MAINT	641	630	11	2
DEPRECIATION	3,018	3,167	(149)	(5)
DEVELOPMENT SOFTWARE	326	304	22	7
DEV SOFTWARE SUPPORT	7,046	6,778	268	4
OPERATIONAL SOFTWARE	1,040	1,172	(132)	(11)
DATA COMMUNICATIONS	785	1,051	(266)	(25)
OCCUPANCY	6,779	6,741	38	1
MARKETING EXPENSE	1,239	1,571	(332)	(21)
PRODUCT EXPENSE	1,538	1,830	(292)	(16)
OTHER	2,071	2,042	29	1
TOTAL EXPENSES	<u>58,548</u>	<u>59,384</u>	<u>(836)</u>	(1)
NET EXPENSES	<u>57,637</u>	<u>58,196</u>	<u>(559)</u>	(1)

SBC 003384

CAPITAL EXPENDITURES  
JUNE 1988 - YEAR TO DATE  
(\$ 000'S)

	YTD APPROVALS -----	1988 REVISED BUDGET -----
MEMBERSHIP MARKETING	187	354
COMMERCIAL MARKETING	54	92
PRODUCT DEVELOPMENT	359	678
SYSTEMS DEVELOPMENT	242	1,015
SYSTEMS OPERATIONS & TELECOMMUNICATIONS	9,411	15,871
BUSINESS SERVICES	0	113
GENERAL & ADMINISTRATIVE	2,940	12,877
TOTAL	----- 13,193 =====	----- 31,000 =====

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EXHIBIT G

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